2018/2019– 2020/2021 DRAFT ANNUAL BUDGET AND MEDIUM - TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF)

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ABBREVIATIONS, ACRONYMS AND DEFINITIONS

COGTA – Department of Co-operative Governance and Traditional Affairs

CPI – Consumer Price Index

DORA – Division of Revenue Act

EPWP – Expanded Public Works Programmes

GDP - Gross Domestic Product

GRAP – Generally Recognised Accounting Practices

IDP – Integrated Development Plan.

INEPG – Integrated National Electrification Program Grant

MFMA – Municipal Finance Management Act, 56 of 2003

MIG – Municipal Infrastructure Grant

MPRA – Municipal Property Rates Act, 06 of 2004

MSA – Municipal Systems Act, 32 of 2000

MDTG – Municipal Demarcation Transition Grant

MTREF – Medium-term Revenue and Expenditure Framework

WSIG – Water Services Infrastructure Grant

MWIG – Municipal Water Infrastructure Grant

NDPG – Neighbourhood Development Program Grant

NERSA – National Electricity Regulator of South Africa

NT – National Treasury

PT – Provincial Treasury

PTISG – Public Transport Infrastructure Systems Grant

SDBIP – Service Delivery and Budget Implementation Plan

The Act – Refers to the Municipal Finance Management Act, 56 of 2003

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Adjustment Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a City may revise its budget during a financial year.

Equitable Share – A general grant paid to municipalities.

Operational Expenditure – Spending on the day to day expenses of the City such as general expenses, salaries and wages, and repairs and maintenance.

Rates – Local Government tax based on assessed valuation of a property.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of the City for a specific period.

Capital Expenditure – Spending on municipal assets such as property, plant and equipment's. Any capital expenditure must be reflected as an asset on a City's balance sheet.

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PART 1 – ANNUAL BUDGET

1.1 MAYOR'S REPORT

The executive Mayor's Budget speech will form part of the final budget to be approved by council on 31 May 2018**.**

1.2 COUNCIL RESOLUTIONS

On 31 March 2018, under item A(2), the council of City of Mbombela met at the council chambers to consider the 2018/2019 – 2020/2021 draft annual budget and medium-term revenue and expenditure framework report tabled by the executive Mayor and resolved that;

(a) Council take cognizance of the contents of the report;

(b) The draft annual budget and medium term revenue and expenditure framework (MTREF) consisting of an operating and capital budget for 2018/2019 – 2020/2021 financial years, as reflected in the below be adopted;

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MP326 City of Mbombela - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	–	–	370 133	513 667	513 667	513 667	513 667	590 717	633 248	681 375
Service charges	–	–	968 695	1 178 526	1 177 526	1 177 526	1 177 526	1 155 417	1 217 809	1 284 789
Investment revenue	–	–	1 610	8 946	7 946	7 946	7 946	1 740	1 834	1 935
Transfers recognised - operational	–	–	494 368	695 668	695 668	695 668	695 668	741 061	795 372	873 066
Other own revenue	–	–	114 468	337 271	310 930	310 930	310 930	275 825	292 047	309 538
Total Revenue (excluding capital transfers and contributions)	–	–	1 949 273	2 734 077	2 705 736	2 705 736	2 705 736	2 764 759	2 940 311	3 150 703
Employee costs	–	–	576 338	731 750	758 204	758 204	758 204	873 505	922 599	982 543
Remuneration of councillors	–	–	30 680	39 598	39 598	39 598	39 598	41 696	43 948	46 365
Depreciation & asset impairment	–	–	455 223	260 361	514 816	514 816	514 816	540 557	567 585	595 964
Finance charges	–	–	48 664	25 770	19 801	19 801	19 801	40 039	37 010	27 978
Materials and bulk purchases	–	–	610 846	695 839	734 846	734 846	734 846	791 755	853 135	919 429
Transfers and grants	–	–	39 271	47 365	41 415	41 415	13 613	35 310	37 217	39 264
Other expenditure	–	–	939 929	882 174	855 943	855 943	855 943	935 198	928 504	992 255
Total Expenditure	–	–	2 700 951	2 682 858	2 964 622	2 964 622	2 936 819	3 258 060	3 389 997	3 603 798
Surplus/(Deficit)	–	–	(751 678)	51 219	(258 886)	(258 886)	(231 083)	(493 301)	(449 686)	(453 095)
Transfers and subsidies - capital (monetary alloc	–	–	638 017	597 302	584 710	584 710	584 710	536 992	494 937	565 563
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	–	(113 661)	648 521	325 825	325 825	353 628	43 691	45 250	112 468
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	–	(113 661)	648 521	325 825	325 825	353 628	43 691	45 250	112 468
Capital expenditure & funds sources										
Capital expenditure	–	–	609 709	607 134	612 979	612 979	612 979	589 687	623 335	665 770
Transfers recognised - capital	–	–	509 262	515 929	505 100	505 100	505 100	521 937	519 085	590 562
Public contributions & donations	–	–	2 294	8 759	7 354	7 354	7 354	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	98 153	82 446	100 525	100 525	100 525	67 750	104 250	75 208
Total sources of capital funds	–	–	609 709	607 134	612 979	612 979	612 979	589 687	623 335	665 770
Financial position										
Total current assets	–	–	500 685	650 363	600 867	600 867	600 867	627 129	656 717	693 978
Total non current assets	–	–	7 551 406	7 815 439	8 013 434	8 013 434	8 013 434	8 041 097	8 039 865	8 049 698
Total current liabilities	–	–	1 495 459	525 648	641 347	641 347	641 347	716 731	690 900	707 637
Total non current liabilities	–	–	597 476	561 477	561 477	561 477	561 477	552 492	562 780	580 230
Community wealth/Equity	–	–	5 959 156	7 378 677	7 411 477	7 411 477	7 411 477	7 399 003	7 442 902	7 455 809
Cash flows										
Net cash from (used) operating	–	–	612 276	370 223	752 899	752 899	752 899	415 991	361 296	464 973
Net cash from (used) investing	–	–	(610 544)	(267 242)	(608 926)	(608 926)	(608 926)	(414 884)	(341 972)	(445 594)
Net cash from (used) financing	–	–	(4 223)	(20 410)	(20 410)	(20 410)	(20 410)	(27 247)	(29 302)	(17 515)
Cash/cash equivalents at the year end	–	–	23 864	209 867	147 426	147 426	147 426	121 281	111 303	113 168
Cash backing/surplus reconciliation										
Cash and investments available	–	–	45 660	230 376	200 426	200 426	200 426	179 713	175 725	184 193
Application of cash and investments	–	–	1 111 224	34 053	142 380	142 380	142 380	150 658	99 174	98 582
Balance - surplus (shortfall)	–	–	(1 065 563)	196 323	58 046	58 046	58 046	29 055	76 551	85 610
Asset management										
Asset register summary (WDV)	–	–	7 794 930	7 960 434	7 960 434	7 960 434		7 978 514	7 973 141	7 976 371
Depreciation	–	–	455 223	260 361	514 816	514 816		514 816	540 557	567 585
Renewal of Existing Assets	–	–	138 188	9 602	13 832	13 832		54 926	74 592	85 026
Repairs and Maintenance	–	–	208 445	232 650	232 650	232 650		270 036	301 285	387 549
Free services										
Cost of Free Basic Services provided	–	–	37 214	37 196	37 196	37 196	35 310	35 310	37 217	39 264
Revenue cost of free services provided	–	–	286 935	288 483	279 483	279 483	308 221	308 221	328 830	351 874
Households below minimum service level										
Water:	–	–	7	7	7	7	7	7	7	7
Sanitation/sewerage:	–	–	18	18	18	18	18	18	18	18
Energy:	–	–	16	16	16	16	16	16	16	16
Refuse:	–	–	142	142	142	142	142	142	142	142

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(c) the draft operating expenditure projects budget for the 2018/2019 – 2020/2021 financial years, attached as **Annexure 20/2018**, summarised per municipal priority as tabulated below be adopted;

DEPARTMENT	Sum of BUDGET '2018/19	Sum of BUDGET 2019/20	Sum of BUDGET 2020/21
CITY PLANNING	**R 33 922 000**	**R 35 382 968**	**R 33 310 031**
COMMUNITY DEVELOPMENT	R 13 300 000	R 10 050 000	R 3 300 000
ECONOMIC DEVELOPMENT	R 6 430 000	R 6 713 400	R 6 335 137
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	R 2 000 000	R 3 000 000	R 4 000 000
RURAL DEVELOPMENT	R 12 192 000	R 15 619 568	R 19 674 894
COMMUNITY SERVICES	**R 2 800 000**	**R 1 900 000**	**R 1 900 000**
WASTE AND ENVIRONMENTAL MANAGEMENT	R 2 800 000	R 1 900 000	R 1 900 000
COPORATE SERVICES	**R 6 296 000**	**R 6 941 584**	**R 6 065 362**
COMMUNITY DEVELOPMENT	R 1 440 000	R 1 517 760	R 1 601 237
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	R 4 356 000	R 4 923 824	R 4 375 168
RURAL DEVELOPMENT	R 500 000	R 500 000	R 88 958
DEPUTY MUNICIPAL MAN - AUX SERVICE	**R 1 250 000**	**R 0**	**R 0**
RURAL DEVELOPMENT	R 1 250 000	R 0	R 0
ENERGY	**R 28 959 141**	**R 28 861 250**	**R 28 472 893**
ELECTRICITY SUPPLY	R 28 959 141	R 28 861 250	R 28 472 893
FINANCIAL MANAGEMENT	**R 19 489 568**	**R 21 340 568**	**R 22 389 999**
FINANCIAL MANAGEMENT AND VIABILITY	R 6 836 680	R 6 009 883	R 6 340 426
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	R 12 652 888	R 15 330 685	R 16 049 573
PUBLIC SAFETY	**R 2 000 000**	**R 2 000 000**	**R 2 000 000**
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	R 2 000 000	R 2 000 000	R 2 000 000
PUBLIC WORKS ROAD AND TRANSPORT	**R 30 700 000**	**R 10 322 389**	**R 10 890 120**
ROADS INFRASTRUCTURE DEVELOPMENT	R 30 700 000	R 10 322 389	R 10 890 120
WATER AND SANITATION	**R 600 000**	**R 1 337 280**	**R 355 830**
WATER SUPPLY	R 600 000	R 1 337 280	R 355 830
Grand Total	**R 126 016 709**	**R 108 086 039**	**R 105 384 236**

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(d) the draft capital expenditure budget for the 2018/2019 – 2020/2021 financial years detailed as **Annexure 22/2018,** summarised per municipal priority as tabulated below be adopted;

MUNICIPAL PRIORIY	Sum of BUDGET ESTIMATE 2018/2019	Sum of BUDGET FORECAST 2019/2020	Sum of BUDGET FORECAST 2020/2021
City Planning	**R 46 139 885**	**R 21 620 000**	**R 49 000 000**
Economic Development	R 12 604 885	R 19 000 000	R 20 500 000
Roas Infrastructure Development and Stormwater	R 33 535 000	R 2 620 000	R 28 500 000
Community Services	**R 1 000 000**	**R -**	**R -**
Community Development	R 1 000 000	R -	R -
Energy	**R 15 000 000**	**R 15 428 000**	**R 16 430 820**
Electricity Supply and Management	R 15 000 000	R 15 428 000	R 16 430 820
Financial Management	**R 1 490 000**	**R 1 000 000**	**R 1 000 000**
Financial Management and Viability	R 1 490 000	R 1 000 000	R 1 000 000
Public Work Road and Transport	**R 23 250 000**	**R 58 650 000**	**R 32 450 000**
Community Development	R 3 000 000	R 4 500 000	R 1 300 000
Electricity Supply and Management	R 2 500 000	R -	R -
Roads and Stormwater	R 17 750 000	R 54 150 000	R 31 150 000
Public Work Road and Transport	**R 369 372 394**	**R 377 271 768**	**R 429 472 433**
Community Development	R 38 159 631	R 34 296 991	R 11 892 160
Public Transport	R 155 281 301	R 188 972 100	R 199 366 050
Roas Infrastructure Development and Stormwater	R 135 145 462	R 127 473 593	R 203 214 223
Sanitation/Sewerage	R 12 845 998	R 15 529 083	R 15 000 000
Water Supply	R 27 940 002	R 11 000 000	
Water and Sanitation	**R 13 100 000**	**R 16 800 000**	**R 9 050 000**
Roads and Stormwater	R 1 500 000	R 5 300 000	R 2 300 000
Sanitation/Sewerage	R 1 250 000	R 4 500 000	R 2 500 000
Water Supply	R 10 350 000	R 7 000 000	R 4 250 000
Water And Sanitation	**R 120 335 023**	**R 132 565 682**	**R 128 366 867**
Public Transport	R -	R -	R 18 350 000
Sanitation/Sewerage	R 8 500 000	R 13 200 000	R 21 000 000
Water Supply	R 111 835 023	R 119 365 682	R 89 016 867
Grand Total	**R 589 687 301**	**R 623 335 450**	**R 665 770 120**

(e) the draft annual budget for the financial year 2018/2019; and indicative allocations for the two projected outer years 2019/2020 and 2020/2021; and the multi-year and single year capital appropriations be adopted as set-out in the new budget and reporting regulations attached as **Annexure 21/2018**;

- Budgeted Financial Performance (revenue and expenditure by standard classification)
- Budgeted Financial Performance (revenue and expenditure by municipal vote)
- Budgeted Financial Performance (revenue by source and expenditure by type)
- Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source.

(f) the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets as set out in the new budget and reporting regulations in the following tables as in **Annexure 21/2018**, be adopted

- Budgeted financial position
- Budgeted cash flows

- Cash backed reserves and accumulated surplus reconciliation
- Asset management
- Basic service delivery measurement

(g) in terms of sections 24(2)(c)(i) and (ii) of the Local Government : Municipal Finance Management Act, 56 of 2003, sections 74 and 75A of the Local Government: Municipal Systems Act, 32 of 2000, as amended and the Municipal Property Rates Act, 6 of 2004, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates as set out below, that were used to prepare the estimates of revenue by source, be considered for implementation with effect from 1 July 2018 be adopted;

Rates and Services Charges Tariffs Increase %:	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Property Rates	6,40%	5,30%	0,00%	5,40%	5,50%	5,50%	5,50%
Electricity	7,63%	2,12%	6,84%	5,40%	5,50%	5,50%	5,50%
Water	37,00%	6,83%	5,30%	5,40%	5,50%	5,50%	5,50%
Refuse Removal	7,46%	6,83%	5,30%	5,40%	5,50%	5,50%	5,50%
Sewerage	-18,00%	6,83%	5,30%	5,40%	5,50%	5,50%	5,50%
Concession Area - Water and Sanitation	11,82%	13,32%	7,43%	11,63%	9,18%	7,61%	7,43%
Average Increase - Non-Concession Area	**8,1**	**6,83%**	**4,55%**	**5,40%**	**5,50%**	**5,50%**	**5,50%**
Average Increase - Concession Area	**8,3**	**6,83%**	**4,89%**	**6,96%**	**6,42%**	**6,03%**	**5,98%**
Sundry charges tariffs and fees	12,00%	10,00%	5,30%	5,40%	5,50%	5,50%	5,50%

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1.3 EXECUTIVE SUMMARY

The application of sound budget and financial management principles for the compilation of the City's financial plan is essential and critical to ensure that the City remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The City has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers and also promulgating its credit control and debt collection policy into a by law.

The guidelines and assumptions in accordance with the Municipal Finance Management Act and its Regulations and Circulars as well as views from organised business stakeholders traditional leaders and other relevant legislations have also been taken into consideration when compiling the draft 2018/2019 – 2020/2021 MTREF budget, including the prevailing macro and internal environment factors.

The 2018/2019 budget and medium-term revenue and expenditure framework is prepared at a time when global and national economies are experiencing a period of protracted economic weakness which diminishes private investment. This may be attributed to domestic constraints, associated to political uncertainty, and declining business and consumer confidence. The local economy is beginning to recover after a short recession in early 2017 however the improvement is insufficient.

Growth has remained stagnant at less than 2 percent and unemployment remains high at 26,7 percent. The prerequisites for increased revenue and expanded service delivery are more rapid growth, investment and job creation.

The GDP growth rate is forecasted at 1,5 percent in 2018, 1,8 percent in 2019 and 2,1 percent in 2020. Statistics South Africa's December 2017 economic statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. The drought experienced in several provinces poses significant risks to agriculture and tourism for the period ahead, and this may threaten jobs in these sectors. The current water crisis in the Western Cape and other provinces will affect economic growth. While the drought's impact is uncertain much depends on how long it will prevail; the extent to which specific catchment areas are affected; and the success of mitigation measures.

The municipality has a role to play in ensuring through resources allocated on the budget and the medium-term revenue and expenditure framework that it contributes towards the alleviation of unemployment, poverty and inequality challenges. The new Preferential Procurement Regulations enacted on 20 January 2017 that come into effect on 01 April 2017 is still relevant and provides a mechanisms of ensuring that there is local economic beneficiation and empowerment of emerging small business enterprises on the procurement system of the organs of the state. The municipality should also consider the expanded public works programmes initiatives to create employment by utilising labour intensive mechanisms on implementation of its capital programmes and rendering of certain services.

As the prospect of economic growth remains sluggish, the impact of this phenomena is that the municipality will not experience significant improvement on the revenue generation and collection hence a conservative approach is advised for projecting revenue on the medium-term revenue and expenditure framework. The implications of insignificant improvement on the municipal revenue is that there should be a re-priotization of the municipal programmes and elimination of non-priority spending or expenditure to ensure the core service delivery programmes are not adversely affected by this situation.

Vision 2030 Strategy and Integrated Development Plan (IDP)

In line with the National Development Plan, the City has developed a Vision 2030 strategy that would give effect to the integrated growth and development of the City. The Vision 2030 strategy provides a platform and framework for the desired future of the City and that will be achieved through the following four strategic objectives of the strategy;

(a) To transform the spatial structure of the City.
(b) To establish a competitive economic position.
(c) To plan for, install, maintain and operate infrastructure, and provide services more efficiently and on a sustainable basis.
(d) To lead, direct and manage spatial growth of the City robustly, enhance revenue generation and improve operational efficiency.

The future planning and development of the City will be guided by these four strategic objectives and as a result the 2017-2022 Integrated Development Plan is responding to these strategic objectives. The following key municipal priorities have been identified to take the developmental agenda of the City forward;

(a) Water supply
(b) Road infrastructure development and storm water
(c) Electricity supply and management
(d) Integrated human settlement
(e) Good governance and public participation
(f) Sanitation
(g) Community development
(h) Rural development
(i) Economic development
(j) Waste and environment management
(k) Financial viability and management
(l) Public transport
(m) Public Safety
(n) 2010 legacy

The Integrated Development Plan as a developmental plan for the City will foster how effectively resources should be allocated and utilised. The budget should respond to these developmental agenda encompassed on the Integrated Development Plan and the following are the budget objectives;

(a) To improve adherence to legislative, governance and institutional development framework.
(b) To improve financial performance and sustainability over the long term.
(c) To ensure the citizens of the City are provided with acceptable levels of services.
(d) To maintain the existing assets and infrastructure base by ensuring adequate repairs and maintenance is undertaken.

(e) To achieve a clean audit outcome.
(f) To enable local economic development initiatives and sustainable employment creation.
(g) To ensure the smooth transition as a result of the amalgamation process in terms of reorganisation and restructuring of policies, processes and systems.

1.3.1 National priorities

National priorities- Expanding public sector investment infrastructure

The key priorities in the local government and housing function are the provision of basic services such as water and sanitation, human settlements development and local government infrastructure.

In addition, creating decent employment opportunities remains a national priority and the City need to continue to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the Expanded Public Works Program (EPWP).

1.3.2 Micro environment factors – economic outlook

From a macro environment perspective, the economic performance over the medium-term looks bleak as a slow economic growth trends has been forecasted and the reflections of this unfavourable economic growth condition will impact negatively on all spheres of government. The revenue base of the City will be under pressure as no new revenues will be derived at the moment due to the slow economic growth and local circumstances.

As the economy is not growing, the is a possibility of increase in the cost of borrowings due to the possible downgrade of the credit rating, job losses and dwindling of revenue generation and collection capacity by all spheres of governments therefore a conservative approach will need to be adopted when projections are made for expected revenues cash receipts in the next medium-term.

On the expenditure side - careful analysis and evaluation of the current spending patterns need to be conducted so that the allocation of funds in the next medium-term is in line with the key municipal priorities and non-priority spending is eliminated (austerity measures need to be implemented).

The South African economic growth outlook measured in terms of real Gross Domestic Product (GDP) in 2016 to 2021 .According to the 2018 National Budget and other sources, the Consumer Price Index (CPI) is projected to be within the upper limits of South African Reserve Bank CPI of 3 - 6 percent band in 2018/2019 financial year. The table below depicts the CPI and economic growth measured in real Gross Domestic Product (GDP) movement over the five (5) period until 2022/2023 financial year;

The forecasted headline inflation for medium-term will be as follows;

Description	Estimate						
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Economic Outlook							
Consumer Price Index (CPI) %	6.40%	5.30%	5.30%	5.40%	5.50%	5.50%	5.50%
Real Gross Domestic Product (GDP) %	1.0			1.80%	2.10%	2.20%	2.20%
Annualised Nominal Price Rate Increase %	**7.4**			**7.30%**	**7.72%**	**7.82%**	**7.82%**

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1.3.3 Revenue enhancement assumptions

The City has appointed a service provider to fast track the implementation of the revenue enhancement projects and also a service provider to assist in developing an appropriate cost reflective structure on water and sanitation, refuse removal, and electricity tariffs to phase in the necessary tariff increase in a manner that will spread the impact on consumer over a period of time as prescribed in MFMA Circular 58.

(a) Grants allocations

Due to the fiscal reprioritasation and reductions undertaken during the 2017 Medium Term Policy Statement (MTBPS) affected planned spending for 2018/2019. The substantial reduction has been applied to the most two largest conditional grants namely the Municipal Infrastructure grant and Public Transport Network grant.
The Municipal Infrastructure Grant shows a decrease of 1 percent in 2018/2019 and 2019/2020 financial years and a 6 percent increase in 2020/2021 financial year. Public Transport Network Grant shows a decrease of 2 percent in 2018/2019 and a 4 percent decrease in 2019/2020 with an increase of 6 percent 2020/2021 financial year.

National Treasury has introduced the following reforms on the infrastructure conditional grants;

(i) The introduction of the new urban infrastructure grants from 2019/2020. Cities will have to meet planning and performance criteria to receive the grant, which will be funded through a shift of funds from the municipal infrastructure grant. The new grant will require cities to plan for a programme of infrastructure investment, funded from grants and own revenues, rather than just standalone projects. This aligns with the policy set out in the Integrated Urban Development Framework (IUDF) approved by Cabinet in April 2016. This approach will be piloted in uMhlathuze and Polokwane local municipalities in 2018/19. Eligible municipalities will be invited to apply for the grant during 2018. The application process is set out in clause 27(5) of the 2018 Division of Revenue Bill.

(ii) The refinement of grant allocation rules to encourage budgeting for routine maintenance. This will complement changes that are already in place to permit grants to fund the refurbishment of infrastructure.

(iii) Introducing greater differentiation between urban and rural areas. Secondary cities in particular will see changes to their planning requirements.

(iv) A new municipal restructuring grant will be introduced to help municipalities in financial crisis to implement reforms to turn themselves around the grant will be made available within the parameters of the existing legal framework and will not provide bailouts to municipalities. It will fund the implementation of specific outputs in support of a financial recovery plan approved by a municipal council. The council must demonstrate political buy-in by adopting such a plan, and the municipality must also commit its own resources to implementing parts of the plan.

The reforms on the local government conditional grants are introduced at the time when the municipality is struggling to keep up with the maintenance and refurbishment requirement of the infrastructure in the peri-urban and rural areas due to inadequate financial resources and also where this social infrastructure is built there is absolutely no cost recovery or the social infrastructure built is not revenue generating in nature.

It is therefore recommended that the two Departments namely; Public Roads and Transport, and Water and Sanitation should undertake a process of ensuring the reforms aforementioned on the infrastructure grants are implemented in particular, the development of business plans for the routine maintenance and refurbishment of the social infrastructure located in the peri-urban and rural areas where there is absolutely no cost recovery. The business plans should be submitted to the respective transferring departments for approval during 2018/2019 financial year so that the approved projects for the routine maintenance can be implemented in 2019/2020 financial year.

The total grants allocated to the City in terms of the 2018 Division of Revenue Bill amounts to R4 007 billion over the medium term and the grants allocated for the 2018/2019 financial year is R1 278 billion showing a slight decrease of 1 percent growth compared to the 2017/2018 allocation of R1 293 billion and further to increase to R1 438 billion in 2020/2021 in particular.

The table below provides details regarding the 2018/2019 grants allocation over the medium.

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CITY OF MBOMBELA GRANTS	Estimate 2016/2017	Estimate 2017/2018	Forecast 2018/2019	Forecast 2019/2020	Forecast 2020/2021	Forecast 2021/2022	Forecast 2022/2023
OPERATING GRANT		9%	9%	9%	10%	5%	5%
Equitable Share	R 556 020 000	R 608 678 000	R 661 329 000	R 720 518 000	R 793 825 000	R 837 485 375	R 883 547 071
Municipal Systems Improvement Grant (MSIG)							
Financial Management Grant (FMG)	R 3 250 000	R 3 400 000	R 3 470 000	R 2 500 000	R 2 500 000	R 2 637 500	R 2 782 563
Municipal Demarcation Transition Grant	R 13 428 000	R 4 566 000	R -	R -	R -	R -	R -
Electricity Demand Side Management	R 10 000 000	R 7 000 000	R -	R -	R -	R -	R -
Expanded Public Works Programme	R 5 686 000	R 6 714 000	R 8 240 000	R -	R -	R -	R -
TOTAL OPERATIONAL ALLOCATION	**R 588 384 000**	**R 630 358 000**	**R 673 039 000**	**R 723 018 000**	**R 796 325 000**	**R 840 122 875**	**R 886 329 633**
Growth (%)		**7%**	**7%**	**7%**	**10%**	**5%**	**5%**
CAPITAL GRANTS		3%	-1%	-1%	6%	5%	5%
Municipal Infrastructure Grant (MIG)	R 330 659 000	R 339 939 000	R 336 980 000	R 333 753 000	R 353 595 000	R 373 042 725	R 393 560 075
Water Services Infrastructure Grant	R 115 372 000	R 40 000 000	R -	R -	R 18 350 000	R 19 359 250	R 20 424 009
Neighbourhood Development Partnership Grant	R 48 637 000	R 40 000 000	R 33 535 000	R 2 620 000	R 28 500 000	R 30 067 500	R 31 721 213
Public Transport Network Grant	R 200 058 000	R 211 673 000	R 203 454 000	R 198 918 000	R 209 859 000	R 221 401 245	R 233 578 313
Intergrated National Electrification Programme	R 11 000 000	Optimization Software:	5 000	R 32 000 000	R 32 000 000	R 33 760 000	R 35 616 800
TOTAL CAPITAL ALLOCATION	**R 705 726 000**	www.balesio.com	4 000	**R 567 291 000**	**R 642 304 000**	**R 677 630 720**	**R 714 900 410**
Growth (%)		**-6%**	**-9%**	**-6%**	**13%**	**5%**	**5%**
TOTAL ALLOCATION	**1 294 110 000**	**1 292 970 000**	**1 278 053 000**	**1 290 309 000**	**1 438 629 000**	**1 517 753 595**	**1 601 230 043**
Growth (%)		0%	-1%	1%	11%	5%	5%
IN-KIND ALLOCATIONS							
Municipal Systems Improvement Grant		-	R 1 055 000	-	-	-	-
Regional Bulk Infrastructure		R 40 254 000	R 14 000 000	R 30 000 000	R 70 000 000	R 73 850 000	R 77 911 750
Intergrated National Electrification Programme		R 57 154 000	R 58 619 000	R 49 436 000	R 52 155 000	R 55 023 525	R 58 049 819
Neighbourhood Development Partnership Grant		R 1 890 000	R 200 000	R 150 000	R 200 000	R 211 000	R 222 605
TOTAL IN-KIND ALLOCATION	**R -**	**R 99 298 000**	**R 73 874 000**	**R 79 586 000**	**R122 355 000**	**R129 084 525**	**R136 184 174**

The municipality will experience increase above inflation on the equitable share by average on 9 percent per annum in 2018/2019 and 2019/2020 and increase by 10 percent in 2020/2021.

(b) Revising of rates, tariffs and other charges

The municipality need to strike a balance between ensuring it remains financial sustainable but also to ensure the tariffs increase are affordable to the ratepayers and consumer of services, and indigent households are able to access free basic services.

According the 2018 National Budget and other sources, the Consumer Price Index (CPI) is projected to be within the upper limits of South African Reserve Bank CPI of 3 – 6 percent band in 2018/2019 financial year. The table below depicts the CPI and economic growth measured in real Gross Domestic Product (GDP) movement over the five (5) period until 2022/2023 financial year;

Description	Estimate						
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Economic Outlook:							
Consumer Price Index (CPI) %	6.40%	5.30%	5.30%	5.40%	5.50%	5.50%	5.50%
Real Gross Domestic Product (GDP) %	1.0			1.80%	2.10%	2.20%	2.20%
Annualised Nominal Price Rate Increase %	**7.4**			**7.30%**	**7.72%**	**7.82%**	**7.82%**

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The recommended tariffs and fees for property rates, services and sundry charges for 2018/2019 and the medium-term will be as illustrated on the table below;

Rates and Services Charges Tariffs Increase %:	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Property Rates	6,40%	5,30%	0,00%	5,40%	5,50%	5,50%	5,50%
Electricity	7,63%	2,12%	6,84%	5,40%	5,50%	5,50%	5,50%
Water	37,00%	6,88%	5,30%	5,40%	5,50%	5,50%	5,50%
Refuse Removal	7,46%	[illegible]	5,30%	5,40%	5,50%	5,50%	5,50%
Sewerage	-18,00%	[illegible]	5,30%	5,40%	5,50%	5,50%	5,50%
Concession Area - Water and Sanitation	11,82%	13,32%	7,43%	11,63%	9,18%	7,61%	7,43%
Average Increase - Non-Concession Area	**8,1**		**4,55%**	**5,40%**	**5,50%**	**5,50%**	**5,50%**
Average Increase - Concession Area	**8,3**		**4,89%**	**6,96%**	**6,42%**	**6,03%**	**5,98%**
Sundry charges tariffs and fees	12,00%	10,00%	5,30%	5,40%	5,50%	5,50%	5,50%

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There will be a significant increase to the consumers during 2018/2019 financial year as the electricity tariffs are estimated to increase by 6,84 percent, subject to approval by the National Energy Regulator of South Africa (NERSA).The overall fees and tariffs for property rates, services will increase by an average by 4,55 percent in the non- concession in 2018/2019 financial year and by an average of 4,89 percent in 2018/2019 financial year in the concession areas.

Sembcorp tariffs increase is determined in accordance with tariff model stipulated on the Service Agreement Four (4) which takes the current consumer price indexes (CPI) per commodity plus a margin of 4,3 percent and other economic factors into account totaling to 7,43 percent.

The municipality will have to undertake a process of remodeling of the cost and tariffs from the current financial year and over the next two financial years in the different functional areas such as electricity, water, sanitation, refuse removal and other critical services delivery functional areas to ensure the tariffs and fees charge for rendering such services is a true reflection of the cost. The former Mbombela Local Municipality has undertaken such a process since 2014/2015 to 2016/2017 financial year however the process has to be redone to include the former Umjindi Municipality due to the amalgamation process.

(c) The ability of City to collect revenue (payment levels)

The estimated payment level trends for the current financial and the forecast for the next mid-term including is as follows;

Financial Performance Indicators or Ratios	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Collection on current accounts - Rates and Services charges	96%	90%	90%	90%	90%	90%

The collection rate in 2018/2019 is expected to drop by 6 percent due to the current cash flow situation and economic situation of the municipality and it is projected to stay the same in the outer years will be adjusted as the economic conditions improves.

The debtors factoring mechanisms be explored and considered as a debt collection mechanism to increase the ability of the municipality to collect outstanding debts.

(d) Revenue enhancement strategy

The major challenge faced by the City is that the current revenue base is fully committed and therefore there is a need to first prevent revenue losses, secondly to explore the opportunities of increasing the revenue base and thirdly to explore new revenue streams.

The City of Mbombela has developed a revenue enhancement strategy to address revenue generation, collection and protection potential risks and challenges that impact on the financial governance and sustainability of the municipality. The strategy was approved at the Council meeting held 31 May 2017 under item A(4) for implementation and it is still relevant.

1.3.4 Operating expenditure guidelines and assumptions

The operating expenditure will increase by an average of 5,46 percent in 2018/2019 5,46 percent in 2019/2020 and 5,54 percent in 2020/2021 with an exception of the key cost or expenditure drivers stated on the table below;

Operating Expenditure:	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Employees Related Cost	7.36%	6.30%	6.40%	6.50%	6.50%	6.50%
Provision for Critical Positions	0.00%	2.00%	2.00%	2.00%	1.00%	1.00%
Councillors Remuneration	5.30%	5.30%	5.40%	5.50%	5.50%	5.50%
Contracted Services	5.25%	5.30%	4.15%	4.25%	4.35%	4.35%
Bulk Purchases: Electricity	0.31%	7.32%	8.00%	8.00%	8.00%	8.00%
Bulk Purchases: Water	8.10%	7.00%	7.00%	7.10%	7.20%	7.20%
Other Materials	6.33%	5.30%	5.40%	5.50%	5.50%	5.50%
Transfers and Grants	7.90%	5.30%	5.40%	5.50%	5.50%	5.50%
Other Expenditure	7.42%	5.30%	5.40%	5.50%	5.50%	5.50%
Average Increase %	**5.33%**	**5.46%**	**5.46%**	**5.54%**	**5.45%**	**5.45%**

The main contributors to the increase on the operating expenditure is the electricity, water bulk purchases and employee related costs.

The key considerations on the operating expenditure are as follows**;**

(a) The Salary and Wage collective agreement for the period 01 July 2015 to 31 June 2018 has come to an end, the process is under consultation, therefore in the absence of the collective agreement the municipality has estimated the employees related cost expenditure for 2018/2019 at CPI plus 1 percent this amount will be adjusted once the collective agreement is signed by the relevant parties and becomes available. It also be noted that the estimated budget allows only R18 million for the filling of critical vacant positions in 2018/2019 financial year

(b) A cut of non-essential expenditure such catering, use of consultants, Travelling and subsistence, Domestic accommodation, catering, financial sponsoring of non-government events, hiring of conference facilities for meetings and study tours must be in line with travelling and accommodation and the cost curtailment regulations overtime must be in line with the overtime management policy and strategy etc.

(c) Prevent utilisation of contractors or service providers where there is sufficient staff complement.

(d) Review of all supply chain management contracts in particular, the multiple extended contracts and renegotiate contract terms and conditions (deliverables and contract amounts).

(e) An operating surplus budget approach was adopted for 2018/2019 and subsequent financial years as a budget model that will ensure the City can start to build cash reserves.

1.3.5 Capital expenditure guidelines and assumptions

The funding of the capital expenditure budget will be sourced from conditional grants allocations and internal reserves. No new external loans (borrowings) will be sourced during the medium-term.

The funding of capital expenditure from internal generated funds will be minimised to the affordability level of the City.

1.3.6 Provision of free basic services to the indigent households

The Indigent Policy of the City as adopted by Council on the 29 March 2018 is in line with the National Policy on provision of Free Basic Services with its objective of providing free access to basic services to the poor and enhancing the fight against poverty. This policy will be reviewed on annual basis to be in line with the requirements proposed by the National Department of Cooperative Governance and Traditional Affairs.

The following assumptions were also taken into consideration towards the provision of free basic services;

(a) Reducing the impact of poverty through free basic service provision;
(b) Protecting the poor from the harsh economic realities;

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The City will be offering the following free basic services:

Free Basic Water	6kl per month
Free Basic Electricity	50kW per month
Free Basic refuse removal	100 % subsidy on tariff
Rebate on property rates	Rebates ranging from 25% to 100% and first R100 000.00 market value being 100% exempted from rates.
Free Basic Sewer	6kl per month

1.3.7 Municipal Standard Chart of Accounts (MSCOA) implementation

In order to ensure the municipality complies with the MSCOA Regulations which requires municipalities and municipal entities to comply with since on 01 July 2017, the municipality is now in phase three (3) on the implementation of the project which entails the seamless interface of sub-systems of other departments within the City to the Core system that has a bearing on the financial management sub-systems and the core system and this phase should be completed on 30 June 2018. The upgrade to MSCOA version 6.1 to 6.2 chart is released to be used for the compilation of the 2018/20/19 Medium Term Revenue and Expenditure Framework.

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1.4 OPERATING REVENUE FRAMEWORK

For City of Mbombela to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every City. The reality is that the City is faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The City's revenue strategy is built around the following key components:

(a) National Treasury's guidelines and macroeconomic policy;
(b) Growth in the City and continued economic development;
(c) Efficient revenue management, which aims to ensure a 94 per cent annual collection rate for property rates and other key service charges such as electricity, water, sewerage and refuse removal services;
(d) Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
(e) Achievement of full cost recovery of specific user charges especially in relation to trading services;
(f) Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
(g) The City's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
(h) Increase ability to extend new services and recover costs;
(i) The City's Indigent Policy and rendering of free basic services; and
(j) Tariff policies of the City.

The following table is a summary of the 2018/2019 annual budget and MTREF – Revenue classified by main source;

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MP326 City of Mbombela - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	–	–	370 133	513 667	513 667	513 667	513 667	590 717	633 248	681 375
Service charges - electricity revenue	2	–	–	781 326	941 132	941 132	941 132	941 132	926 325	976 347	1 030 046
Service charges - water revenue	2	–	–	81 121	96 812	97 812	97 812	97 812	95 841	101 016	106 572
Service charges - sanitation revenue	2	–	–	22 984	29 581	30 581	30 581	30 581	28 112	29 630	31 260
Service charges - refuse revenue	2	–	–	83 264	111 002	108 002	108 002	108 002	105 139	110 816	116 911
Service charges - other		–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	–	13 995	22 876	19 306	19 306	19 306	12 445	13 117	13 839
Interest earned - external investments		–	–	1 610	8 946	7 946	7 946	7 946	1 740	1 834	1 935
Interest earned - outstanding debtors		–	–	26 631	26 235	29 235	29 235	29 235	28 859	31 745	34 919
Dividends received		–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		–	–	6 592	29 944	14 944	14 944	14 944	8 363	8 815	9 299
Licences and permits		–	–	–	4 924	–	–	–	–	–	–
Agency services		–	–	34 708	189 601	188 186	188 186	188 186	198 143	208 843	220 329
Transfers and subsidies		–	–	494 368	695 668	695 668	695 668	695 668	756 116	794 372	872 066
Other revenue	2	–	–	32 541	63 690	59 260	59 260	59 260	28 015	29 527	31 151
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		–	–	1 949 273	2 734 077	2 705 736	2 705 736	2 705 736	2 779 814	2 939 311	3 149 703

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

The City will receive significant portion of its revenue from services charges (electricity, water, sewerage and refuse removal services) amounting to R1 155 billion indicating a decrease of R22 million (2 per cent) from R1 178 billion in 2017/2018 financial year and increases to R1 285 billion over the medium-term. The revenue from services charge makes up 42 percent of the total operating revenue budget.

The revenue from property rates will amount to R591 million after taking into account property rates revenue forgone which is rates exemptions and rebates granted in terms of the rates policy amounting to R201 million in 2018/2019 financial year and increases to R681 million over the medium-term. The property rates revenue contributes about 21 percent of the total operating revenue budget.

Operating grants allocation comprising of equitable share and other grants contributes 27 percent to the total operating revenue budget and will amount to R756 million in 2018/2019 financial year and increases to R872 million over the medium-term.

The other revenue amounts to R278 million indicating a decrease of R41 million (13 percent) in 2018/2019.The other revenue comprises of revenue from agency fees of R198 million, interest from outstanding debtors and investments of R31 million, rental of municipal properties and facilities of R12 million and sundry income of R23 million. The other revenue contributes about 10 percent of the total operating revenue budget.

The following table gives a breakdown of the various operating and capital grants and subsidies allocations to the City over the medium term;

MP326 City of Mbombela - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	–	–	695 668	695 668	695 668	741 061	795 372	873 066
Local Government Equitable Share										
Energy Efficiency and Demand-side [Schedul		–	–	–	7 000	7 000	7 000	–	–	–
Equitable Share		–	–	–	608 678	608 678	608 678	661 329	720 518	793 825
Expanded Public Works Programme Integrate		–	–	–	6 714	6 714	6 714	8 240	–	–
Integrated National Electrification Programme		–	–	–	–	–	–	–	–	–
Local Government Financial Management Gra		–	–	–	3 400	3 400	3 400	3 470	3 500	3 500
Municipal Demarcation and Transition Grant [Sched		–	–	–	4 566	4 566	4 566	–	–	–
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant [Schedule 5B]		–	–	–	14 910	14 910	14 910	19 849	14 511	15 374
Municipal Systems Improvement Grant [Schedule		–	–	–	–	–	–	–	–	–
Municipal Water Infrastructure Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Public Transport Network Operations Grant [Sched		–	–	–	50 400	50 400	50 400	48 173	56 843	60 368
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Municipal Demarcation Board		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	–	–	–	695 668	695 668	695 668	741 061	795 372	873 066
Capital Transfers and Grants										
National Government:		–	–	–	597 302	584 710	584 710	536 992	494 937	565 563
Energy Efficiency and Demand-side		–	–	–	–	–	–	–	–	–
Energy Efficiency and Demand-side [Schedule 5B]		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme		–	–	–	31 000	31 000	31 000	31 045	15 428	16 431
Municipal Infrastructure Grant		–	–	–	325 029	325 029	325 029	317 131	287 917	321 266
Municipal Infrastructure Grant [Schedule 5B]		–	–	–	–	–	–	–	–	–
Municipal Water Infrastructure Grant		–	–	–	40 000	29 273	29 273	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	40 000	38 135	38 135	33 535	2 620	28 500
Public Transport Network Operations Grant [Sched		–	–	–	161 273	161 273	161 273	155 281	188 972	199 366
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	–	–	–	597 302	584 710	584 710	536 992	494 937	565 563
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	–	–	1 292 970	1 280 378	1 280 378	1 278 053	1 290 309	1 438 629

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, wage agreements with unions once the new agreement is available (Labour), input costs of services provided by the City, local economic conditions and the affordability of services taking into consideration the City's indigent policy were taken into consideration.

There will be a significant increase to the consumers during 2018/2019 as the electricity tariffs are estimated to increase to 6,84 percent from 2,12 percent in 2017/2018 subject to approval by National Energy Regulator of South Africa (NERSA).

Rand Water and SembCorp (Silulumanzi) Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the City's electricity and in these tariffs are largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a City are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

MP326 City of Mbombela - Supporting Table SA14 Household bills

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		–	–	–	344.20	344.20	344.20	–	344.20	362.79	382.74
Electricity: Basic levy		–	–	–	–	–	–				
Electricity: Consumption		–	–	–	1 500.56	1 500.56	1 500.56	6.8%	1 602.60	1 689.14	1 782.04
Water: Basic levy		–	–	–	101.95	101.95	101.95	6.8%	108.88	114.76	121.08
Water: Consumption		–	–	–	501.72	501.72	501.72	5.3%	528.31	556.84	587.46
Sanitation		–	–	–	161.64	161.64	161.64	5.3%	170.21	179.40	189.27
Refuse removal		–	–	–	177.14	177.14	177.14	5.3%	186.53	196.60	207.41
Other		–	–	–	–	–	–	–			
sub-total		–	–	–	2 787.20	2 787.20	2 787.20	5.5%	2 940.72	3 099.52	3 269.99
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total large household bill:		–	–	–	2 787.20	2 787.20	2 787.20	5.5%	2 940.72	3 099.52	3 269.99
% increase/-decrease			–	–	–	–	–		5.5%	5.4%	5.5%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		–	–	–	233.17	233.17	233.17	–	233.17	245.76	259.28
Electricity: Basic levy		–	–	–	–	–	–				
Electricity: Consumption		–	–	–	648.81	648.81	648.81	6.8%	692.93	730.35	770.52
Water: Basic levy		–	–	–	101.95	101.95	101.95	5.3%	107.36	113.15	119.38
Water: Consumption		–	–	–	397.19	397.19	397.19	5.3%	418.24	440.83	465.07
Sanitation		–	–	–	161.64	161.64	161.64	5.3%	170.21	179.40	189.27
Refuse removal		–	–	–	118.62	118.62	118.62	5.3%	124.90	131.65	138.89
Other		–	–	–	–	–	–	–			
sub-total		–	–	–	1 661.38	1 661.38	1 661.38	5.1%	1 746.81	1 841.14	1 942.40
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		–	–	–	1 661.38	1 661.38	1 661.38	5.1%	1 746.81	1 841.14	1 942.40
% increase/-decrease			–	–	–	–	–		5.1%	5.4%	5.5%

1.5 OPERATING EXPENDITURE FRAMEWORK

The City's expenditure framework for the 2018/2019 budget and MTREF is informed by the following:

Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserved to fund any deficit;

(a) Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
(b) The capital program is aligned to the IDP priorities;
(c) Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
(d) Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2018/2019 budget and MTREF (classified per main type of operating expenditure);

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Expenditure By Type											
Employee related costs	2	–	–	576 338	731 161	758 204	758 204	758 204	873 505	922 599	982 543
Remuneration of councillors				30 680	39 598	39 598	39 598	39 598	41 696	43 948	46 365
Debt impairment	3			23 417	57 987	73 968	73 968	73 968	162 736	163 655	173 982
Depreciation & asset impairment	2	–	–	455 223	260 361	514 816	514 816	514 816	540 557	567 585	595 964
Finance charges				48 664	25 770	19 801	19 801	19 801	40 039	37 010	27 978
Bulk purchases	2	–	–	606 735	640 935	686 113	686 113	686 113	736 187	794 583	857 668
Other materials	8			4 111	54 844	51 865	51 865	51 865	55 501	58 498	61 716
Contracted services		–	–	616 133	442 303	493 594	493 594	493 594	516 927	502 777	521 337
Transfers and subsidies		–	–	39 271	37 196	42 210	42 210	42 210	35 270	37 174	39 219
Other expenditure	4, 5	–	–	300 379	392 703	284 453	284 453	284 453	255 641	252 169	297 026
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		–	–	2 700 951	2 682 858	2 964 622	2 964 622	2 964 622	3 258 060	3 389 997	3 603 798

The employee's remuneration cost will amount to R915 million in 2018/2019 financial year in the absence of the collective agreement 6,3 percent for employees related cost and 5,3 percent for remuneration of councilors. The remuneration cost to the total operating expenditure budget is 28 per cent. The employees remuneration cost will increase to R967 million in 2019/2020 financial year and the expenditure to the total operating budget will be 29 percent.

The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and the bulk water purchase and will increase to R736 million due to an average increase of 7, 32 percent granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2018 and bulk water increase of 7 percent. The bulk purchase expenditure make up 23 per cent of the total operating expenditure budget.

The depreciation cost will be R541 million which makes up 17 percent of the total operating expenditure and is about 7 per cent of the total assets carrying value of R7 625 billion. The depreciation

costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.

The cost curtailment measures has been applied in line with the National Government directives on other expenditure. The cost curtailment will result in repriotisation and reducing the expenditure by R29 million (10 percent) in 2018/2019. The contracted services and expenditure makes up 24 percent of the total operating expenditure budget.

Included on this expenditure items is IDP operating projects amounting to R126 million in 2018/2019 financial year and decrease to R105 million in 2020/2021 financial year. The breakdown of the total expenditure for operating projects per municipal priorities is as tabulated below;

Furthermore a detailed breakdown of the opex budget per project over the medium-term – Referred as Annexure 20/2018 on the council resolutions.

DEPARTMENT	DESCRIPTION	MUNICIPAL PRIORITY	CATERGORY	BUDGET '2018/19	BUDGET 2019/20	BUDGET 2020/21
ENERGY	ELECTRIFICATION OF 100 HOUSEHOLDS AT EMJINDINI TRUST (UMJINDI) (230+	ELECTRICITY SUPPLY	CONTRACTED SERVI	R 1 550 000	R 1 268 615	R 1 550 000
ENERGY	ELECTRIFICATION OF 100 HOUSEHOLDS AT EXT 17 (130+100+330) YEAR 2	ELECTRICITY SUPPLY	CONTRACTED SERVI	R 1 550 000	R 1 268 615	R 1 550 000
ENERGY	ELECTRIFICATION OF 400 HOUSEHOLDS AT MSHOLOZI(400+400+400+1350) YE	ELECTRICITY SUPPLY	CONTRACTED SERVI	R 6 200 000	R 6 200 000	R 9 874 180
ENERGY	ELECTRIFICATION OF 300 HOUSEHOLDS AT THEKWANE SOUTH (300+480)(CHA	ELECTRICITY SUPPLY	CONTRACTED SERVI	R 4 650 000	R 5 239 769	R -
ENERGY	ELECTRIFICATION OF 150 HOUSEHOLDS AT MATSAFENI (150+ 500+500)	ELECTRICITY SUPPLY	CONTRACTED SERVI	R 2 475 000	R 2 475 000	R 2 475 000
ENERGY	MBOMBELA INFILLS -17 HOUSEHOLDS	ELECTRICITY SUPPLY	CONTRACTED SERVI	R 120 000	R 120 000	R 120 000
PUBLIC WORKS ROAD AND TRANSPO	MAINT UNSP - RESEALING OF ROADS	ROADS INFRASTRUCTURE DEVELOPMENT	CONTRACTED SERVI	R30 000 000	R 9 437 029	R 9 956 065
COMMUNITY SERVICES	RES&ADV-AUDIT OF WASTE MAN FACILITIES SR	WASTE AND ENVIRONMENTAL MANAGEMENT	CONTRACTED SERVI	R 400 000	R 400 000	R 400 000
COMMUNITY SERVICES	RES&ADV-AUDIT OF WASTE MAN FACILITIES NR	WASTE AND ENVIRONMENTAL MANAGEMENT	CONTRACTED SERVI	R 300 000	R 300 000	R 300 000
COMMUNITY SERVICES	RES&ADV-AUDIT OF WASTE MAN FACILITIES CR	WASTE AND ENVIRONMENTAL MANAGEMENT	CONTRACTED SERVI	R 700 000	R 700 000	R 700 000
FINANCIAL MANAGEMENT	IMPLEMENTATION OF BUDGET PROCESS	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 600 000	R 207 300	R 94 402
FINANCIAL MANAGEMENT	COMPILATION OF COMMITMENT REGISTER	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 3 000 000	R 3 162 000	R 3 335 910
FINANCIAL MANAGEMENT	COMM - UPDATE GENERAL VALUATION ROLL	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 3 000 000	R 58 681	R 61 909
FINANCIAL MANAGEMENT	C&PS: B&A COMMISSIONS & COMMITTEES	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 1 280 685	R 1 349 842	R 1 424 083
FINANCIAL MANAGEMENT	VAL&ASS-COMPILATION PROP VALUATION ROLL	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 1 500 000	R 7 103 960	R 7 494 678
FINANCIAL MANAGEMENT	BUS & FIN MAN - BILLING DATA CLEANSING	FINANCIAL MANAGEMENT AND VIABILITY	CONTRACTED SERVI	R 3 000 000	R 1 966 022	R 2 074 153
FINANCIAL MANAGEMENT	BUS&FIN MAN-IMPLREVENUE ENHANCE STRATEGY	FINANCIAL MANAGEMENT AND VIABILITY	CONTRACTED SERVI	R 3 836 680	R 4 043 861	R 4 266 273
FINANCIAL MANAGEMENT	BUS&FIN MAN-IMPL ACTIVITY BASED COSTING	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 3 272 203	R 3 448 902	R 3 638 592
COPORATE SERVICES	COMM-DISASTER REC BUSIN CONTINUITY PLAN	COMMUNITY DEVELOPMENT	CONTRACTED SERVI	R 1 440 000	R 1 517 760	R 1 601 237
COPORATE SERVICES	HR - EMPLOYEE WELLNESS INTERVENTIONS	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 160 000	R 168 640	R 177 915
COPORATE SERVICES	HR - EMPLOYEE WELLNESS PROGRAMS	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 600 000	R 1 000 000	R 1 000 000
COPORATE SERVICES	MED EXAM-MEDICAL SURVEILLANCEEMPLOYEES	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 500 000	R 600 000	R 1 000 000
COPORATE SERVICES	TRANS SER-TRAIN SM/M ON DISCIP HEARING	RURAL DEVELOPMENT	CONTRACTED SERVI	R 500 000	R 500 000	R 88 958
COPORATE SERVICES	TRANS SER-RPL (RECOG PRIOR LEARNING)	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 40 000	R 42 160	R 44 479
COPORATE SERVICES	TRANS SER - LEARNERSHIP PROGRAMME	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 120 000	R 126 480	R 133 436
COPORATE SERVICES	C&PS: B&A HUMAN RESOURCES	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 56 000	R 59 024	R 62 270
COPORATE SERVICES	HR - RPL (RECOGNITION OF PRIOR LEARNING)	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 500 000	R 500 000	R 177 915
COPORATE SERVICES	HR - LEARNERSHIP PROGRAMME	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 480 000	R 505 920	R 533 746
COPORATE SERVICES	HR - COMPILATION OF JOB DESCRIPTIONS	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 200 000	R 210 800	R 222 394
COPORATE SERVICES	HR - SKILLS AUDIT	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 1 000 000	R 1 000 000	R 444 788
COPORATE SERVICES	QUAL VERIF - QUALIFICATION AUDIT	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 500 000	R 500 000	R 355 830
COPORATE SERVICES	HR - ENTRY LEVEL MAN SVISORY TRAINING	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 200 000	R 210 800	R 222 394
CITY PLANNING	Construction of Piggery Houses	RURAL DEVELOPMENT	CONTRACTED SERVI	R 1 000 000	R 2 000 000	R 3 000 000

DEPARTMENT	DESCRIPTION	MUNICIPAL PRIORITY	CATERGORY	BUDGET '2018/19	BUDGET 2019/20	BUDGET 2020/21
CITY PLANNING	Construction of Broiler Houses	RURAL DEVELOPMENT	CONTRACTED SERVI	R 1 000 000	R 2 000 000	R 3 000 000
CITY PLANNING	Boreholes for Co-operatives	RURAL DEVELOPMENT	CONTRACTED SERVI	R 1 000 000	R 2 000 000	R 3 000 000
CITY PLANNING	RES&ADV-DEVELOPMENT OF LAND MAN STRATEGY	COMMUNITY DEVELOPMENT	CONTRACTED SERVI	R 2 000 000	R 3 000 000	R 2 000 000
CITY PLANNING	GEO SER - IMPLEMENTATION OF GIS SYSTEM	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	R 2 000 000	R 3 000 000	R 4 000 000
CITY PLANNING	TP - PRECINCT PLANS DEVELOPMENT	ECONOMIC DEVELOPMENT	CONTRACTED SERVI	R -	R -	R -
CITY PLANNING	TP-REVIEWSPATIAL DEVELOPMENT FRAMEWORK	ECONOMIC DEVELOPMENT	CONTRACTED SERVI	R 1 000 000	R 1 500 000	R 1 000 000
CITY PLANNING	TP - PRECINCT PLANNING DEVELOPMENT	COMMUNITY DEVELOPMENT	CONTRACTED SERVI	R 1 000 000	R 1 000 000	R 500 000
CITY PLANNING	C&PS: I&P TOWN PLANNER	ECONOMIC DEVELOPMENT	CONTRACTED SERVI	R 1 680 000	R 1 770 720	R 1 868 110
CITY PLANNING	PROJ MAN-TRANSFERMUNICIPAL PROPERTIES CR	ECONOMIC DEVELOPMENT	CONTRACTED SERVI	R 2 000 000	R 2 000 000	R 2 000 000
CITY PLANNING	PROJ MAN-CONDUCT AUDIT LEASESCOM PROP	RURAL DEVELOPMENT	CONTRACTED SERVI	R 400 000	R 400 000	R 400 000
CITY PLANNING	BUS&FIN MAN-TRAININGRURAL COOPERATIVES	RURAL DEVELOPMENT	CONTRACTED SERVI	R 280 000	R 295 120	R 311 352
CITY PLANNING	BUS&FIN MAN-IMPL RURAL DEVELOP STRATEGY	RURAL DEVELOPMENT	CONTRACTED SERVI	R 300 000	R 350 000	R 1 000 000
CITY PLANNING	RES&ADV-DEVELOP STRAT PREV LAND INVASION	RURAL DEVELOPMENT	CONTRACTED SERVI	R 280 000	R 295 120	R 311 352
CITY PLANNING	PERS&LAB-COLLECT DATA FROM INFOR SETTLEM	RURAL DEVELOPMENT	CONTRACTED SERVI	R 400 000	R 400 000	R 400 000
CITY PLANNING	PROJ MAN - COOPERATIVES SUPPORT	RURAL DEVELOPMENT	CONTRACTED SERVI	R 500 000	R 500 000	R 500 000
CITY PLANNING	PROJ MAN - SUPPORT FOR YOUTH ENTEPRISES	ECONOMIC DEVELOPMENT	CONTRACTED SERVI	R 1 000 000	R 1 000 000	R 1 000 000
CITY PLANNING	RES&ADV-REVIEWIMPLEMENT INFORMAL STRAT	RURAL DEVELOPMENT	CONTRACTED SERVI	R 600 000	R 600 000	R 600 000
CITY PLANNING	TP - HILLSVIEW; CASA DU LUAWR X71 HIS CR	ECONOMIC DEVELOPMENT	CONTRACTED SERVI	R 750 000	R 442 680	R 467 027
CITY PLANNING	TP - KWA KHUMALO TOWNSHIP ESTABLISHMENT	COMMUNITY DEVELOPMENT	CONTRACTED SERVI	R 2 000 000	R -	R -
CITY PLANNING	TP - MATAFFIN/WOODHOUSE LAND USE RIGHTS	COMMUNITY DEVELOPMENT	CONTRACTED SERVI	R 1 000 000	R 250 000	R -
CITY PLANNING	TP - NKOSI CITY TOWNSHIP ESTABLISHMENT	COMMUNITY DEVELOPMENT	CONTRACTED SERVI	R 6 500 000	R 5 000 000	R -
CITY PLANNING	TP - LAND USE MANAGEMENT SCHEME	COMMUNITY DEVELOPMENT	CONTRACTED SERVI	R 800 000	R 800 000	R 800 000
CITY PLANNING	TP - FORMALIZATION OF INFORMAL AREAS CR	RURAL DEVELOPMENT	CONTRACTED SERVI	R 152 000	R 160 208	R 169 019
CITY PLANNING	TP - FORMALIZATION OF INFORMAL AREAS ER	RURAL DEVELOPMENT	CONTRACTED SERVI	R 280 000	R 295 120	R 311 352
CITY PLANNING	Review of the Environmental Management Framework (to cover Southern Region)	RURAL DEVELOPMENT	CONTRACTED SERVI	R 1 250 000	R -	R -
WATER AND SANITATION	Decommisioning of old Hazyview WTW	WATER SUPPLY	CONTRACTED SERVI	100 000		
WATER AND SANITATION	Kamadakwa House Connections	WATER SUPPLY	CONTRACTED SERVICES		1 000 000	
ENERGY	ENG ELEC-NETWORK PROTECTION INSTRUMENTS	ELECTRICITY SUPPLY	CONTRACTED SERVI	150 000	157 500	165 375
ENERGY	ENG ELEC-ELECT INFRASTRUCTURE MASTERPLAN	ELECTRICITY SUPPLY	CONTRACTED SERVI	1 500 000	1 575 000	1 653 750
ENERGY	ENG ELEC-ELECTRICAL SERV PLAN CAPACITY	ELECTRICITY SUPPLY	CONTRACTED SERVI	1 300 000	1 365 000	1 433 250
ENERGY	ELEC - NETWORK PROTECTION INSTRUMENTS	ELECTRICITY SUPPLY	CONTRACTED SERVI	1 135 000	1 191 750	1 251 338
ENERGY	ELEC-ENERGY EFFIC & DEMAND SD MANAGEMNT	ELECTRICITY SUPPLY	CONTRACTED SERVI	6 588 597	8 000 000	8 400 000
ENERGY	METER MAN-METER AUD & REPLACE END17022OX	ELECTRICITY SUPPLY	CONTRACTED SERVI	1 740 544	-	-
COMMUNITY SERVICES	Business Planning and Project Designs	WASTE AND ENVIRONMENTAL MANAGEMENT	CONTRACTED SERVI	500 000	500 000	500 000
COMMUNITY SERVICES	Research and documentation of heritage sites and resources in the Southern Region	WASTE AND ENVIRONMENTAL MANAGEMENT	CONTRACTED SERVI	900 000	-	-
PUBLIC WORKS ROAD AND TRANSPO	ENG CIVIL - ROADS MASTER PLAN	ROADS INFRASTRUCTURE DEVELOPMENT	CONTRACTED SERVI	500 000	337 280	355 830
WATER AND SANITATION	ENG CIVIL - DEVELOP S/WATER MASTER PLAN	WATER SUPPLY	CONTRACTED SERVI	500 000	337 280	355 830
PUBLIC WORKS ROAD AND TRANSPO	ENG CIVIL-DETERM 1:100 YEAR FLOOD LINES	ROADS INFRASTRUCTURE DEVELOPMENT	CONTRACTED SERVI	200 000	548 080	578 224
PUBLIC SAFETY	SEC SER-IMPLEMENT SECURITY MASTER PLAN	GOOD GOVERNANCE AND PUBLIC PARTICIPATI	CONTRACTED SERVI	2 000 000	2 000 000	2 000 000
CITY PLANNING	RES&ADV-OPERATIONALISATIONSPECIAL PROGME	RURAL DEVELOPMENT	CONTRACTED SERVI	R 6 000 000	R 6 324 000	R 6 671 820
				R 126 016 709	R 108 086 039	R 105 384 236

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The breakdown of the total expenditure for operating projects per municipal per municipal priorities is as tabulated below;

DEPARTMENT	Sum of BUDGET '2018/19	Sum of BUDGET 2019/20	Sum of BUDGET 2020/21
CITY PLANNING	**R 33 922 000**	**R 35 382 968**	**R 33 310 031**
COMMUNITY DEVELOPMENT	R 13 300 000	R 10 050 000	R 3 300 000
ECONOMIC DEVELOPMENT	R 6 430 000	R 6 713 400	R 6 335 137
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	R 2 000 000	R 3 000 000	R 4 000 000
RURAL DEVELOPMENT	R 12 192 000	R 15 619 568	R 19 674 894
COMMUNITY SERVICES	**R 2 800 000**	**R 1 900 000**	**R 1 900 000**
WASTE AND ENVIRONMENTAL MANAGEMENT	R 2 800 000	R 1 900 000	R 1 900 000
COPORATE SERVICES	**R 6 296 000**	**R 6 941 584**	**R 6 065 362**
COMMUNITY DEVELOPMENT	R 1 440 000	R 1 517 760	R 1 601 237
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	R 4 356 000	R 4 923 824	R 4 375 168
RURAL DEVELOPMENT	R 500 000	R 500 000	R 88 958
DEPUTY MUNICIPAL MAN - AUX SERVICE	**R 1 250 000**	**R 0**	**R 0**
RURAL DEVELOPMENT	R 1 250 000	R 0	R 0
ENERGY	**R 28 959 141**	**R 28 861 250**	**R 28 472 893**
ELECTRICITY SUPPLY	R 28 959 141	R 28 861 250	R 28 472 893
FINANCIAL MANAGEMENT	**R 19 489 568**	**R 21 340 568**	**R 22 389 999**
FINANCIAL MANAGEMENT AND VIABILITY	R 6 836 680	R 6 009 883	R 6 340 426
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	R 12 652 888	R 15 330 685	R 16 049 573
PUBLIC SAFETY	**R 2 000 000**	**R 2 000 000**	**R 2 000 000**
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	R 2 000 000	R 2 000 000	R 2 000 000
PUBLIC WORKS ROAD AND TRANSPORT	**R 30 700 000**	**R 10 322 389**	**R 10 890 120**
ROADS INFRASTRUCTURE DEVELOPMENT	R 30 700 000	R 10 322 389	R 10 890 120
WATER AND SANITATION	**R 600 000**	**R 1 337 280**	**R 355 830**
WATER SUPPLY	R 600 000	R 1 337 280	R 355 830
Grand Total	**R 126 016 709**	**R 108 086 039**	**R 105 384 236**

The City has allocated an amount of R35 million in the 2018/2019 financial year for provision of free basic services. The following free basic services will be provided in accordance with the criteria set on the indigent policy of the City.

During the compilation of the 2018/2019 MTREF, operational repairs and maintenance was identified as a strategic imperative owing to the ageing of the City's infrastructure and historic deferred maintenance. To this end, the City is still having a challenge in separating the portion of employee related cost for repairs and maintenance; as a result this allocation is part of the overall employee related cost for council.

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The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Description	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Roads Infrastructure	78 771	78 771	78 771	64 587	58 433	70 797
Storm water Infrastructure	11 736	11 736	11 736	12 310	12 435	25 569
Electrical Infrastructure	19 714	22 669	22 669	32 910	33 579	64 291
Water Supply Infrastructure	31 194	31 194	31 194	40 905	52 358	53 918
Sanitation Infrastructure	18 059	17 959	17 959	20 700	23 506	35 389
Solid Waste Infrastructure	2 654	2 654	2 654	20 055	33 089	45 094
Infrastructure	163 172	165 427	165 427	192 070	214 034	295 723
Community Assets	*10 498*	*11 154*	*11 154*	*30 336*	*35 005*	*40 941*
Sport and Recreation Facilities	14 555	14 555	14 555	2 502	2 502	2 502
Other Assets	*15 098*	*15 098*	*15 098*	*24 884*	*25 117*	*26 616*
Machinery and Equipment	3 161	250	250	8 639	8 892	9 382
Transport Assets	26 166	26 166	26 166	11 208	15 317	11 943
TOTAL EXPENDITURE OTHER ITEMS	493 011	747 466	747 466	784 852	841 842	955 134

For the 2018/2019 financial year 71 percent or (R192 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 24 percent (R65 million), followed by Water supply 15 percent (R41 million), Electrical by 12 percent (R33 million), Community assets 12 percent (R33 million), Other assets is at 11 percent (R25 million), Sanitation and solid waste both taking an 8 percent each and Transport asset 4 percent (R11 million).

Below is the graphic illustration on repairs and maintenance by asset class;

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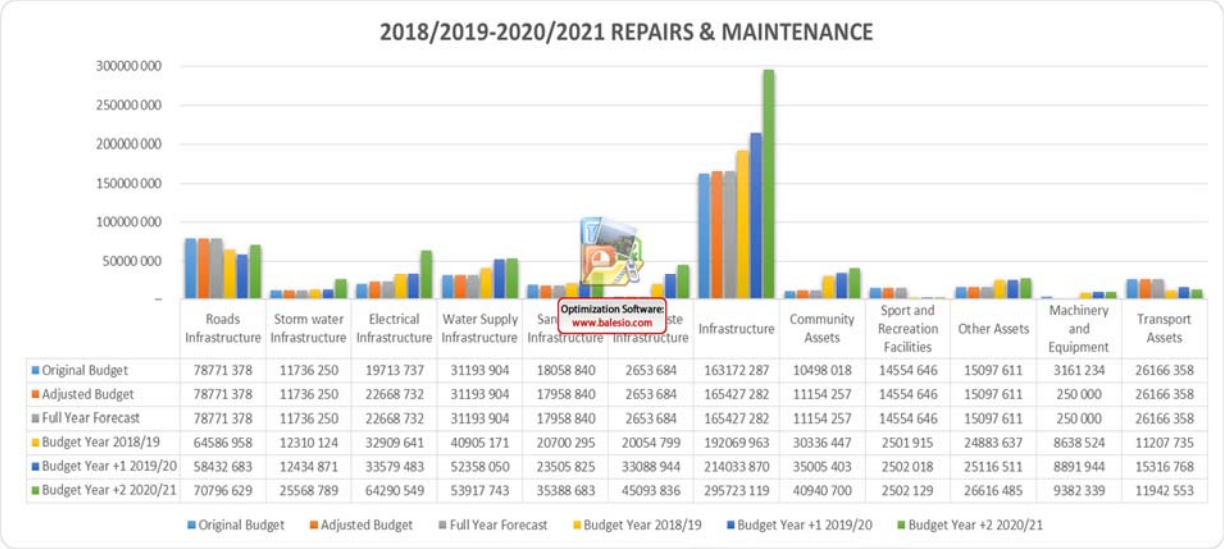

	Roads Infrastructure	Storm water Infrastructure	Electrical Infrastructure	Water Supply Infrastructure	San Infrastructure	ste Infrastructure	Infrastructure	Community Assets	Sport and Recreation Facilities	Other Assets	Machinery and Equipment	Transport Assets
Original Budget	78771 378	11736 250	19713 737	31193 904	18058 840	2653 684	163172 287	10498 018	14554 646	15097 611	3161 234	26166 358
Adjusted Budget	78771 378	11736 250	22668 732	31193 904	17958 840	2653 684	165427 282	11154 257	14554 646	15097 611	250 000	26166 358
Full Year Forecast	78771 378	11736 250	22668 732	31193 904	17958 840	2653 684	165427 282	11154 257	14554 646	15097 611	250 000	26166 358
Budget Year 2018/19	64586 958	12310 124	32909 641	40905 171	20700 295	20054 799	192069 963	30336 447	2501 915	24883 637	8638 524	11207 735
Budget Year +1 2019/20	58432 683	12434 871	33579 483	52358 050	23505 825	33088 944	214033 870	35005 403	2502 018	25116 511	8891 944	15316 768
Budget Year +2 2020/21	70796 629	25568 789	64290 549	53917 743	35388 683	45093 836	295723 119	40940 700	2502 129	26616 485	9382 339	11942 553

Free basic services: basic social services package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the City's Indigent Policy. The target is to register 9 953 or more indigent households during the 2018/2019 financial year, a process reviewed annually. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement are contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

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1.6 CAPITAL EXPENDITURE

The table below depicts a summary of the allocations per municipal priority on the capital expenditure budget;

MUNICIPAL PRIORIY	Sum of BUDGET ESTIMATE 2018/2019	Sum of BUDGET FORECAST 2019/2020	Sum of BUDGET FORECAST 2020/2021
City Planning	**R 46 139 885**	**R 21 620 000**	**R 49 000 000**
Economic Development	R 12 604 885	R 19 000 000	R 20 500 000
Roas Infrastructure Development and Stormwater	R 33 535 000	R 2 620 000	R 28 500 000
Community Services	**R 1 000 000**	**R -**	**R -**
Community Development	R 1 000 000	R -	R -
Energy	**R 15 000 000**	**R 15 428 000**	**R 16 430 820**
Electricity Supply and Management	R 15 000 000	R 15 428 000	R 16 430 820
Financial Management	**R 1 490 000**	**R 1 000 000**	**R 1 000 000**
Financial Management and Viability	R 1 490 000	R 1 000 000	R 1 000 000
Public Work Road and Transport	**R 23 250 000**	**R 58 650 000**	**R 32 450 000**
Community Development	R 3 000 000	R 4 500 000	R 1 300 000
Electricity Supply and Management	R 2 500 000	R -	R -
Roads and Stormwater	R 17 750 000	R 54 150 000	R 31 150 000
Public Work Road and Transport	**R 369 372 394**	**R 377 271 768**	**R 429 472 433**
Community Development	R 38 159 631	R 34 296 991	R 11 892 160
Public Transport	R 155 281 301	R 188 972 100	R 199 366 050
Roas Infrastructure Development and Stormwater	R 135 145 462	R 127 473 593	R 203 214 223
Sanitation/Sewerage	R 12 845 998	R 15 529 083	R 15 000 000
Water Supply	R 27 940 002	R 11 000 000	
Water and Sanitation	**R 13 100 000**	**R 16 800 000**	**R 9 050 000**
Roads and Stormwater	R 1 500 000	R 5 300 000	R 2 300 000
Sanitation/Sewerage	R 1 250 000	R 4 500 000	R 2 500 000
Water Supply	R 10 350 000	R 7 000 000	R 4 250 000
Water And Sanitation	**R 120 335 023**	**R 132 565 682**	**R 128 366 867**
Public Transport	R -	R -	R 18 350 000
Sanitation/Sewerage	R 8 500 000	R 13 200 000	R 21 000 000
Water Supply	R 111 835 023	R 119 365 682	R 89 016 867
Grand Total	**R 589 687 301**	**R 623 335 450**	**R 665 770 120**

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The City will be spending in the next three years R1 4729 billion (92 percent) of the total capital expenditure budget) on social infrastructure development to address backlogs and upgrade the existing infrastructure. The social infrastructure development budget will be primarily spent as follows;

Bulk water and reticulation infrastructure budget allocation will amount to **R381** million over the medium-term and the allocation for 2017/2018 is R150 million. Nsikazi bulk water supply is allocated an amount of R111 million over the medium term. The construction of the Karino/Nsikazi South Bulk Water supply Scheme phase 2 (OMO reservoir) remains a priority and an amount of R58 million has been allocated. Provision of Nsikazi South Bulk Water supply Scheme phase 2 (Electrical Mechanic works) has been allocated an amount of R39 million over the medium-term. Phumlani water scheme has been allocated an amount of R42 million the rest of the projects are part of the detailed capital budget annexure.

Roads and storm water management infrastructure budget allocation will be **R643** million over the medium-term and the allocation for 2018/2019 is R188 million. The Sanford access bus route will be upgraded at a budget allocation of R7 million, Daantjie – Foda road will be upgraded at a budget allocation of R7 million. Upgrade of Luphisi road at a budget of R33 million. Paving and construction of bridges will amount to R45 million. Construction of Vera and Love corner roads are budgeted at R6 million each and Construction of several streets in Kanyamazane at a budget allocation of R24 million details the rest of the projects are part of the detailed capital budget Annexure.

Electricity supply and management infrastructure allocation will amount to **R49** million over the medium-term and the allocation for 2018/2019 is R18 million. The upgrade of bulk supply and electrification of Msholozi will continue and the budget allocated over the medium-term is R16 million. Umjindi ext. 17 substation has been all allocated an amount of R4,5 million and R5 million for the switching station and bulk supply.

Sanitation and sewerage infrastructure allocation will amount to **R94** million over the medium-term and the allocation for 2018/2019 is R23 million. The construction of Entokozweni sewer reticulation has been allocated a budget of R32 million over the medium-term. Mataffin outfall sewer will be upgraded at a cost of R11 million over the medium term and refurbishment and upgrade of Northern Bulk outfall sewer is allocated an amount of R16 million over the medium term.

The allocation for public transport infrastructure over the medium-term will amount to **R562** million and the allocation for 2018/2019 is R155 million. Bosch street interchange has been allocated a budget of R58 million over the medium-term. Legogote Public transport facility is allocated R56 million over the medium term. The upgrade of rail bridge over freidenheim road has been allocate R40 million over the medium term. Upgrade of road P-10 from R40 to Umjindi CBD allocation over the medium term is R51 million. The R40/D725 roads interchange and University Public Transport Precinct will continue and the budget allocated for this project is R170 million over the medium-term.

Highlights on some of the projects the City will undertake per service

(a) Upgrade of Valencia Park Sub-station – Energy Department

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(b) Water works project water supply Pipeline

(c) Community development projects – Roads and bridges

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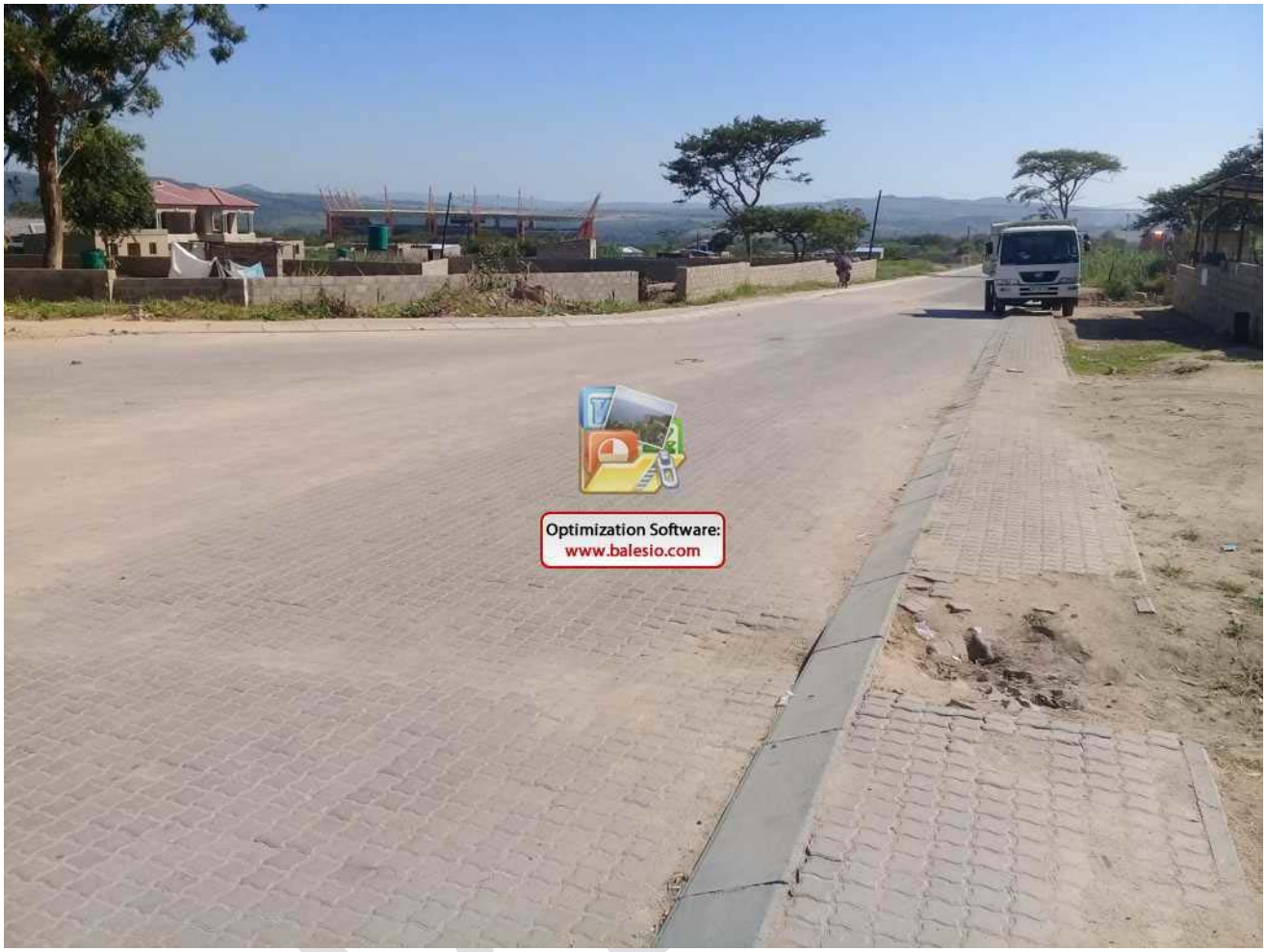

Furthermore a detailed breakdown of the capital budget per project over the medium-term – Referred as Annexure 22/2018 on the council resolutions.

2018/2019 - 2020/2021 DRAFT CAPITAL BUDGET FOR CITY OF MBOMBELA LOCAL MUNCICIPALITY

DEPARTMENT	PROJECT DESCRIPTION	SOURCE OF FUNDING	MUNICIPAL PRIORITY	REGIONS	LOCATION	WARD	BUDGET ESTIMATE 2018/2019	BUDGET FORECAST 2019/2020	BUDGET FORECAST 2020/2021
Financial Management	Implementation of automated creditors	Grant - Financial Management Grants	Financial Management and	All Regions	Institutional	Institutional	R 490,000	R -	R -
Financial Management	Implementation of a seamlessly integrated/ interfaced human resources and payroll subsystem with	Grant - Financial Management Grants	Financial Management and	All Regions	Institutional	Institutional	R 400,000	R -	R -
Financial Management	Implementation of the seamlessly integrated property valuation	Grant - Financial Management Grants	Financial Management and	All Regions	Institutional	Institutional	R 600,000	R 1,000,000	R 1,000,000
Energy	20MVA 132/22KV New Umjindi EXT 17 Substation	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Southern Region	Umjindi	41,42,43,44,45	R 4,500,000	R 4,788,000	R 5,099,220
Energy	132KV Switching Station and Bulk Supply Line (Barberton)	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Southern Region	Umjindi	41,42,43,44,45	R 5,000,000	R 5,320,000	R 5,665,800
Energy	Msholozi (Mbombela) Bulk Supply 132 KV Line	Grant - Integrated National Electrification Programme	Electricity Supply and Management	Central Region	Msholozi	14	R 5,000,000	R 5,320,000	R 5,665,800
City Planning	Construction of the Job Linkage Centre	Grant - Municipal Infrastructure Grant	Economic Development	Central Region	Msogwaba	26	R 7,604,885	R -	R -
City Planning	Infrastructure development for Makhonjwa Mountain WHS	Grant - Municipal Infrastructure Grant	Economic Development	Southern Region	Umjindi	41,42,43,44,45	R 1,000,000	R 2,000,000	R 3,000,000
City Planning	Tourism Infrastructure Route	Grant - Municipal Infrastructure Grant	Economic Development	Central Region	Luphisi, Msogwaba	2,4,10,11,26,29 ,40	R 1,000,000	R 2,000,000	R 2,500,000
City Planning	Construction of New informal Trade Stalls	Grant - Municipal Infrastructure Grant	Economic Development	Central Region; Southern Region	Hazyview,Barberton and N4 Road	1,41,14,15	R 3,000,000	R 15,000,000	R 15,000,000
Public Work Road and Transport	Construction of Pedestrian Bridges in Ward 1 and 40 (Alliance)	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region; Northern Region	Area in ward 1; Alliance	1; 40	R 13,645,800	R 22,173,593	R 22,173,593
Public Work Road and Transport	Construction of Pedestrian Bridges in Wards 3 & 5 Phase 1	Grant - Municipal Infrastructure Grant	roas Infrastructure Development and Stormwater	Northern Region	Mahushu; area in ward 5	3;5	R 6,500,000	R 6,300,000	R 9,472,436
Public Work Road and Transport	Construction of Pedestrian Bridges in Wards 14, 22, 26 & 27 Phase 1	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region; Southern Region	Various areas	14;22;26;27	R 6,500,000	R 7,000,000	R 8,525,192
Public Work Road and Transport	Sand Ford Access Road	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Northern Region	Sandford	1	R 7,000,000	R 12,000,000	R 9,800,000

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Public Work Road and Transport	Kanyamazane Streets: construction of Mirage Street	Grant - Municipal Infrastructure Grant	roas Infrastructure Development and Stormwater	Central Region	Kanyamazane	21	R 4,332,997	R -	R -
Public Work Road and Transport	Kanyamazane Streets: Construction of Shackleton to Red Barron street	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Kanyamazane	21	R 3,151,699	R -	R -
Public Work Road and Transport	Entokozweni Sewer Reticulation	Grant - Municipal Infrastructure Grant	Sanitation/Sewerage	Central Region	Entokozweni	18	R 5,500,000	R 11,500,000	R 15,000,000
Public Work Road and Transport	Upgrading of Matsulu Stadium	Grant - Municipal Infrastructure Grant	Community Development	Southern Region	Matsulu	28	R 2,916,667	R 7,010,642	R -
Public Work Road and Transport	Upgrading of Masoyi Sports facilities	Grant - Municipal Infrastructure Grant	Community Development	Northern Region	Masoyi	6	R 6,840,000	R 5,692,000	R 6,892,160
Public Work Road and Transport	Daantjie-Construction of Foda Nkomane Road	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Daantjie-Foda Nkom	2	R 6,666,667	R 5,000,000	R -
Public Work Road and Transport	Construction of a community hall	Grant - Municipal Infrastructure Grant	Community Development	Eastern Region	Mpompoli	35	R 3,500,000	R 5,000,000	R -
Public Work Road and Transport	Construction of Hazyview-Sandriver Community Hall	Grant - Municipal Infrastructure Grant	Community Development	Northern Region	Sandriver	25	R 3,500,000	R 5,000,000	R -
Public Work Road and Transport	Construction of roads and stormwater with interlocking paving road at Verulum	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Southern Region	Barbeton- Verulum	43	R 3,094,291	R 4,000,000	R -
Public Work Road and Transport	Upgrade of gravel roads to interlocking paving within Umjindi areas	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Southern Region	Barbeton	42 & 44	R 2,916,667	R 4,000,000	R 25,000,000
Public Work Road and Transport	Construction of Sandriver-Majika bus route	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Northern Region	Sandriver	25	R 6,083,333	R 7,000,000	R 15,000,000
Public Work Road and Transport	Construction of Mgcobaneni bus route	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Northern Region	Mgcobaneni	9	R 6,666,667	R 4,000,000	R 17,000,000
Public Work Road and Transport	Construction of Mfuleni bus route	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Mfuleni	29	R 5,666,667	R 5,000,000	R -
Public Work Road and Transport	Shuma - Mashego Bermuda Road	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Msogwaba	26	R 4,083,333	R 5,000,000	R 8,000,000
Public Work Road and Transport	Zakheni Bermuda Road	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Daantjie	23	R 4,666,667	R 5,000,000	R 7,243,001
Public Work Road and Transport	Construction of Hercules-Cessna Street, Kanyamazane	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Kanyamazane	21	R 1,464,558	R -	
Public Work Road and Transport	Construction of Cessna Street - Kanyamazane	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Kanyamazane	21	R 5,066,667	R -	

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Public Work Road and Transport	Construction of Dakota & Pilot Street	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Kanyamazane	21	R 3,600,000	R -	
Public Work Road and Transport	Construction of Messer Schimdt Streets	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Kanyamazane	21	R 4,400,000	R -	
Public Work Road and Transport	Mphatseni to Siphumelele road	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Northern Region	KaMphatseni	03	R 5,250,000	R 7,000,000	R 17,000,000
Public Work Road and Transport	LoveCorner to Cemetery road	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Cemetery Road	04	R 6,000,000	R 7,000,000	R 13,000,000
Public Work Road and Transport	Veza road upgrade	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Southern Region	Mastulu	13	R 6,000,000	R 4,000,000	R 13,000,000
Public Work Road and Transport	Mthonjeni-Mkhuhlu road upgrade	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Kanyamazane	19	R 875,000	R 4,000,000	R 11,000,000
Public Work Road and Transport	Main road bus stop1 to Masinga-Ntokozweni road upgrade	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Msogwaba	22	R 5,249,997	R 5,500,000	R 11,000,000
Public Work Road and Transport	Zakheleni to Pholani School road upgrade	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Daantjie	23	R 5,600,000	R 5,000,000	R 8,000,000
Public Work Road and Transport	Construction of streets in Kanyamazane: Harp Street	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Central Region	Kanyamazane	20	R 6,000,000	R 3,500,000	
Public Work Road and Transport	Mountainview road upgrade	Grant - Municipal Infrastructure Grant	Roas Infrastructure Development and Stormwater	Southern Region	Mountain View	27	R 4,664,455	R 5,000,000	R 8,000,000
Public Work Road and Transport	Construction of Makoko Community Hall	Grant - Municipal Infrastructure Grant	Community Development	Eastern Region	Makoko	34	R 5,500,000	R 2,000,000	
Public Work Road and Transport	Construction of Mbonisweni Community Hall	Grant - Municipal Infrastructure Grant	Community Development	Eastern Region	Mbonisweni	38	R 5,500,000	R 2,000,000	
Public Work Road and Transport	Construction of Numbi Community Hall	Grant - Municipal Infrastructure Grant	Community Development	Northern Region	Numbi	39	R 5,500,000	R 3,500,000	
Public Work Road and Transport	Provision Of Nsikazi South Via Karino Bulk Water Supply Scheme Phase 2 (Electrical, Mechanical Works)	Grant - Municipal Infrastructure Grant	Water Supply	Central Region	Karino/Tekwane South	02,04,10,11& 18	R 27,940,002	R 11,000,000	
Public Work Road and Transport	Upgrading of Umjindi stadium	Grant - Municipal Infrastructure Grant	Community Development	Southern Region	Barbeton	42	R 4,902,964	R 4,094,349	R 5,000,000
Public Work Road and Transport	Mattafin Outfall sewer	Grant - Municipal Infrastructure Grant	Sanitation/Sewerage	Central Region	Mattafin	14	R 7,345,998	R 4,029,083	
Water And Sanitation	Provision Of Nsikazi South Via Karino Bulk Water Supply Scheme Phase 2 *(OMO Reservoir bulk water supply)*	Grant - Municipal Infrastructure Grant	Water Supply	Central Region	Nsikazi South	02,04,10,11 & 18	R 13,680,000	R 22,173,593	R 22,173,593
Water And Sanitation	Nsikazi North Water Reticulation Scheme	Grant - Municipal Infrastructure Grant	Water Supply	Northern Region	Nsikazi North	5,06,07,09,25,part	R 7,979,064	R 7,208,868	R 4,029,083
Water And Sanitation	Nsikazi South water reticulation scheme	Grant - Municipal Infrastructure Grant	Water Supply	Central Region	Nsikazi South	02,04,26,33 &40	R 7,186,856	R 7,288,868	R 4,029,083
Water And Sanitation	Phumlani Water Scheme	Grant - Municipal Infrastructure Grant	Water Supply	Central Region	Phumlani	14	R 9,589,103	R 16,079,708	R 16,077,108
Water And Sanitation	Matsulu WTW	Grant - Municipal Infrastructure Grant	Water Supply	Southern Region	Matsulu	13,27,28	R 2,000,000	R 10,000,000	R 10,000,000
Water And Sanitation	Nsikazi North bulk Water	Grant - Municipal Infrastructure Grant	Water Supply	Central Region	Nsikazi North	01,02,03,05,06,07,08,09&25	R 50,000,000	R 41,014,645	R 20,000,000

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City Planning	Upgrade of Luphisi Kabokweni and Plaston	Grant - Neighbourhood Development Programme Grant	Roas Infrastructure Development and	Eastern Region	Kabokweni, Plaston and Luphisi	11,32,33,36,38,40	R 33,535,000	R 2,620,000	R 28,500,000
Public Work Road and Transport	Upgrading of Hensall Street	Grant - Public Transport Network Grant	Public Transport	Central Region	Mbombela	14	R 1,576,790	R 1,622,757	R 1,712,013
Public Work Road and Transport	Upgrading of Bester street	Grant - Public Transport Network Grant	Public Transport	Central Region	Mbombela	14	R 1,576,790	R 1,622,757	R 1,712,013
Public Work Road and Transport	Upgrading of Bester street	Grant - Public Transport Network Grant	Public Transport	Central Region	Mbombela	14	R -	R 1,622,757	R 1,712,013
Public Work Road and Transport	Kaapsehoop Road Widening Phase 2	Grant - Public Transport Network Grant	Public Transport	Central Region	West Acress	14	R 4,730,369	R 4,868,271	R 5,136,038
Public Work Road and Transport	Kanyamazane: PT Transfer Station Facility	Grant - Public Transport Network Grant	Public Transport	Central Region	Kanyamazane	21	R 2,237,897	R 16,227,569	R 14,120,127
Public Work Road and Transport	Matsulu: PT Transfer Station Facility	Grant - Public Transport Network Grant	Public Transport	Southern Region	Matsulu	27	R 8,587,897	R 19,227,569	R 12,020,127
Public Work Road and Transport	R40 Central Section: Gantries, CCTV, Signage, Covered Laybyes	Grant - Public Transport Network Grant	Public Transport	Central Region	Mbombela CBD	14	R 2,365,184	R 3,434,135	R 2,568,019
Public Work Road and Transport	Legogote Public Transport Facility	Grant - Public Transport Network Grant	Public Transport	Northern Region	Legogote / Swalala	6	R 17,469,253	R 15,978,524	R 22,967,389
Public Work Road and Transport	Kabokweni Public Transport Facility	Grant - Public Transport Network Grant	Public Transport	Eastern Region	Kabokweni	33	R 394,197	R 407,689	R 428,003
Public Work Road and Transport	Upgrade of Rail Bridge Over Freidenhiem Road	Grant - Public Transport Network Grant	Public Transport	Central Region	Mbombela CBD	14	R 11,825,922	R 10,170,677	R 17,840,095
Public Work Road and Transport	Bosch Street Interchange	Grant - Public Transport Network Grant	Public Transport	Central Region	Mbombela CBD	14	R 19,709,871	R 20,284,462	R 17,509,401
Public Work Road and Transport	Lehawu Public Transport Facility	Grant - Public Transport Network Grant	Public Transport	Central Region	Lehawu	40	R 394,197	R 405,689	R 928,003
Public Work Road and Transport	Hazyview Public Transport Facilities	Grant - Public Transport Network Grant	Public Transport	Northern Region	Hazyview	1	R 1,576,790	R 1,622,757	R 1,712,013
Public Work Road and Transport	Secondary PT Stops Hazyview - Legogote	Grant - Public Transport Network Grant	Public Transport	Northern Region	Hazyview	01	R 3,941,974	R 4,056,892	R 4,280,032
Public Work Road and Transport	Upgrade of D725 University Precinct	Grant - Public Transport Network Grant	Public Transport	Central Region	Riverside	18, 38	R 26,959,004	R 23,832,382	R 24,528,242
Public Work Road and Transport	Univerity Public Transport Precinct (R40 / D725 Interchange)	Grant - Public Transport Network Grant	Public Transport	Central Region	Riverside	14, 38	R 29,822,583	R 30,455,139	R 34,240,255
Public Work Road and Transport	Secondary PT Stops Southern Region	Grant - Public Transport Network Grant	Public Transport	Southern Region	Barberton	41	R 788,395	R 811,378	R 856,006
Public Work Road and Transport	Southern Region PT Rank	Grant - Public Transport Network Grant	Public Transport	Southern Region	Barberton	41	R 788,395	R 811,381	R 856,006
Public Work Road and Transport	Upgrade of Feeder Routes	Grant - Public Transport Network Grant	Public Transport	Northern Region	Hazyview	All the wards of northern region	R 1,576,790	R 1,622,758	R 1,712,013
Public Work Road and Transport	Mbombela PT Hub: Phase 3	Grant - Public Transport Network Grant	Public Transport	Central Region	Mbombela	14	R 3,153,579	R 2,299,618	R 3,424,025
Public Work Road and Transport	White River PT Facility	Grant - Public Transport Network Grant	Public Transport	Central Region	White River	30	R 788,396	R 811,378	R 856,006
Public Work Road and Transport	Dr Enos Mabuza Widening to Johana Drive	Grant - Public Transport Network Grant	Public Transport	Central Region	Mbombela	15	R 2,153,579	R 3,245,584	R 3,424,025

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Public Work Road and Transport	NMT and Pedestrain Safety Projects	Grant - Public Transport Network Grant	Public Transport	Central Region	Mbombela	15 &16	R 3,153,579	R 3,245,514	R 3,424,025
Public Work Road and Transport	Upgraiding Road P-10 from R40 to Umjindi CBD	Grant - Public Transport Network Grant	Public Transport	Southern Region	Umjindi	42	R 9,709,871	R 20,284,462	R 21,400,159
Water And Sanitation	Water Service Infrastructure Grant	Grant - Water Services Infrastructure Grant	Public Transport	All Regions	All	All wards	R -	R -	R 18,350,000
Water and Sanitation	Water reticulation to the newly e	Internal Funding	Water Supply	Central Region	Daantjie	2	R 8,000,000	R 3,500,000	R 1,500,000
Public Work Road and Transp	Completion of a community hall	Internal Funding	Community Development	Northern Region	Phola	5	R 1,500,000	R -	R -
Community Services	Construction of a park	Internal Funding	Community Development	Northern Region	Jerusalema	8	R 500,000	R -	R -
Public Work Road and Transp	Paving of road from Lungisani S	Internal Funding	Roads and Stormwater	Northern Region	Lungisani Secondar	7	R 1,500,000	R 4,500,000	R 4,650,000
Water and Sanitation	Water reticulation to the newly c	Internal Funding	Water Supply	Northern Region	Manzini	7	R 2,350,000	R 3,500,000	R 2,750,000
Public Work Road and Transp	Construction of community hall	Internal Funding	Community Development	Northern Region	Jerusalema	8	R 1,500,000	R 4,500,000	R 1,300,000
Public Work Road and Transp	Paving of road from Clau- Clau C	Internal Funding	Roads and Stormwater	Eastern Region	Clau Clau	10	R 1,500,000	R 3,500,000	R 2,500,000
Public Work Road and Transp	Paving of road from Shabangu st	Internal Funding	Roads and Stormwater	Eastern Region	Clau Clau	11	R 1,250,000	R 3,500,000	R 3,500,000
Water and Sanitation	Sewer reticulation	Internal Funding	Sanitation/Sewerage	Central Region	Elandshoek	12	R 1,250,000	R 4,500,000	R 2,500,000
Community Services	Fencing both sides of Canal esp	Internal Funding	Community Development	Central Region	Valencia	17	R 500,000		
Public Work Road and Transp	Construction of vehicle bridge at	Internal Funding	Roads and Stormwater	Central Region	Esidunjeni	24	R 1,500,000	R 5,500,000	R 3,500,000
Public Work Road and Transp	Installation of 4 high mast lights	Internal Funding	Electricity Supply and Management	Eastern Region	Bhayizane, Gutshwa	31	R 1,000,000	R -	R -
Public Work Road and Transp	Construction of foot bridge	Internal Funding	Roads and Stormwater	Eastern Region	Sbhulo	31	R 1,500,000	R 4,500,000	R 1,500,000
Public Work Road and Transp	Paving of Dwaleni (Sincobile) Ce	Internal Funding	Roads and Stormwater	Eastern Region	Dwaleni	32	R 1,500,000	R 3,500,000	R 2,500,000
Public Work Road and Transp	Installation of 4 high mast lights	Internal Funding	Electricity Supply and Management	Eastern Region	Kabokweni	33	R 1,500,000	R -	R -
Public Work Road and Transp	Construction of a foot bridge	Internal Funding	Roads and Stormwater	Eastern Region	Siligane	35	R 1,500,000	R 4,500,000	R 1,500,000
Public Work Road and Transp	Paving of kaMabuza Halfway via	Internal Funding	Roads and Stormwater	Eastern Region	Halfway	35	R 1,500,000	R 5,650,000	R 3,500,000
Public Work Road and Transp	Construction of footbridge from M	Internal Funding	Roads and Stormwater	Eastern Region	Moyeni; Sabane	36	R 1,500,000	R 4,500,000	R 1,500,000
Public Work Road and Transp	Need for a footbridge from Malek	Internal Funding	Roads and Stormwater	Eastern Region	Malekutu	37	R 1,500,000	R 4,500,000	R 1,500,000
Public Work Road and Transp	Construction of Pedestrian Bridg	Internal Funding	Roads and Stormwater	Central Region	Nkanini section	40	R 1,500,000	R 4,500,000	R 1,500,000
Public Work Road and Transp	Construction of foot bridge: Dind	Internal Funding	Roads and Stormwater	Southern Region	Dindela; Speanville	44	R 1,500,000	R 5,500,000	R 3,500,000

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Energy	Installation of 2 high mast lights at Nkanini & Mafifthy		Electricity Supply and Management	Northern Region	Nkanini & Mafifthy	6	R 500,000	R -	R -
Water and Sanitation	Paving of road Nkosi Store via G	Internal Funding	Roads and Stormwater	Northern Region	Nyongane	39	R 1,500,000	R 5,300,000	R 2,300,000
WATER AND SANITATION	Construction of 6 ML New Hazyview WWTW	Internal Funding	Sanitation/Sewerage	Northern Region	Hazyview	1	R -	R 500,000	R 1,000,000
WATER AND SANITATION	Refurbishment and Upgrade (7.5 ML) of Rocky's Drift WWTW	Internal Funding	Sanitation/Sewerage	Central Region	Rocky's Drift	14;30	R -	R -	R 20,000,000
WATER AND SANITATION	Refurbishment and Upgrade of Northern Bulk Outfall Sewer	Internal Funding	Sanitation/Sewerage	Eastern Region	White river	30	R 8,500,000	R 7,500,000	R -
WATER AND SANITATION	eMjindini x11 Sewer Reticulation	Internal Funding	Sanitation/Sewerage	Southern Region	eMjindini x11	42;45	R -	R -	R -
WATER AND SANITATION	Construction of a new Kabokweni sewer pump station, outfall sewer and associated infrastructure	Internal Funding	Sanitation/Sewerage	Eastern Region	Kabokweni	33	R -	R 2,000,000	R -
WATER AND SANITATION	Additional 3.5 ML Reservoir in Hazyview	Internal Funding	Water Supply	Northern Region	Hazyview	1	R -	R 750,000	R 5,000,000
WATER AND SANITATION	Installation of back-up Generators	Internal Funding	Water Supply	All Regions	Institutional	Institutional	R -	R -	R -
WATER AND SANITATION	Procurement of Plants and Equipment(TLB, HONEYSUCKER)	Internal Funding	Sanitation/Sewerage	All Regions	Institutional	Institutional	R -	R 2,500,000	R -
WATER AND SANITATION	Upgrade of the Augmentation Scheme Mbombela to White River	Internal Funding	Water Supply	Central Region; Eastern Region	Mbombela; White River	14;30	R -	R -	R 5,000,000
WATER AND SANITATION	Noodgedacht Reservoir	Internal Funding	Water Supply	Southern Region	Noodgedacht	43	R -	R -	R 2,000,000
WATER AND SANITATION	Truck Filling Points (Relocation from Ezitweni)	Internal Funding	Water Supply	All Regions	Institutional	Institutional	R -	R 2,000,000	R -
WATER AND SANITATION	Boreholes Augmentation & Storage Programme	Internal Funding	Water Supply	All Regions	Institutional	Institutional	R -	R -	R -
WATER AND SANITATION	Procurement of Fleet	Internal Funding	Water Supply	All Regions	Institutional	Institutional	R 1,000,000	R 3,000,000	R -
WATER AND SANITATION	Raising of Primpkop Dam wall	Internal Funding	Water Supply	Eastern Region	Primkop	38	R -	R -	R -
WATER AND SANITATION	White River WTW Back-Up Raw Water Supply	Internal Funding	Water Supply	Eastern Region	White River	30	R -	R -	R -

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WATER AND SANITATION	Upgrade of Additional 3.5 ML Reservoir and Bulk Water Supply in Hillsview	Internal Funding	Water Supply	Eastern Region	White River	30	R -	R -	R -
WATER AND SANITATION	White River Complex Reservoir 3 ML	Internal Funding	Water Supply	Eastern Region	White River	30	R -	R 2,250,000	R -
WATER AND SANITATION	Refurbishment of White River WTW and Country Estate WTW	Internal Funding	Water Supply	Eastern Region	White River	30	R -	R -	R -
WATER AND SANITATION	Refurbishment of Kanyamazane WTW	Internal Funding	Water Supply	Central Region	Kanyamazane	2,4,10,11,18,19,20,21	R -	R -	R -
WATER AND SANITATION	Refurbishment of Package Plants (Mshadza, Majika, Mganduzweni & Agnes Mine)	Internal Funding	Water Supply	Northern Region	Phola, Majika & Mganduzweni and Water Package Treatment works	5, 9, 25	R -	R -	R -
WATER AND SANITATION	Upgrade of the Crane and Lifting Beams Capacity at Nyongane WTW, Kanyamazane WTW and Raw Water Pump Station and Sabie	Internal Funding	Water Supply	All Regions	Institutional	Institutional	R -	R -	R -
WATER AND SANITATION	Upgrade of Phumlani to White river bulk water line	Internal Funding	Water Supply	Central Region; Eastern Region	Phumlani; White River	14; 30	R 20,400,000	R 7,600,000	R -
WATER AND SANITATION	Upgrading of Rimers Creek WTW	Internal Funding	Water Supply	Southern Region	Baberton	43	R -	R -	R 708,000
WATER AND SANITATION	Verulam Sewer Connections	Internal Funding	Sanitation/Sewerage	Southern Region	Verulam	43	R -	R 700,000	R -
Total Capital Budget							**R 589,687,301**	**R 623,335,450**	**R 665,770,120**

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1.7 ANNUAL BUDGET TABLES – PARENT MUNICIPALITY

The following pages present the ten main budget tables as required in terms of regulation 8 of the Municipal Budget and Reporting Regulations. These tables set out the City's 2018/2019 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

MP326 City of Mbombela - Table A1 Budget Summary

Description	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Financial Performance										
Property rates	–	–	370 133	513 667	513 667	513 667	513 667	590 717	633 248	681 375
Service charges	–	–	968 695	1 178 526	1 177 526	1 177 526	1 177 526	1 155 417	1 217 809	1 284 789
Investment revenue	–	–	1 610	8 946	7 946	7 946	7 946	1 740	1 834	1 935
Transfers recognised - operational	–	–	494 368	695 668	695 668	695 668	695 668	741 061	795 372	873 066
Other own revenue	–	–	114 468	337 271	310 930	310 930	310 930	275 825	292 047	309 538
Total Revenue (excluding capital transfers and contributions)	–	–	1 949 273	2 734 077	2 705 736	2 705 736	2 705 736	2 764 759	2 940 311	3 150 703
Employee costs	–	–	576 338	731 750	758 204	758 204	758 204	873 505	922 599	982 543
Remuneration of councillors	–	–	30 680	39 598	39 598	39 598	39 598	41 696	43 948	46 365
Depreciation & asset impairment	–	–	455 223	260 361	514 816	514 816	514 816	540 557	567 585	595 964
Finance charges	–	–	48 664	25 770	19 801	19 801	19 801	40 039	37 010	27 978
Materials and bulk purchases	–	–	610 846	695 839	734 846	734 846	734 846	791 755	853 135	919 429
Transfers and grants	–	–	39 271	47 365	41 415	41 415	13 613	35 310	37 217	39 264
Other expenditure	–	–	939 929	882 174	855 943	855 943	855 943	935 198	928 504	992 255
Total Expenditure	–	–	2 700 951	2 682 858	2 964 622	2 964 622	2 936 819	3 258 060	3 389 997	3 603 798
Surplus/(Deficit)	–	–	(751 678)	51 219	(258 886)	(258 886)	(231 083)	(493 301)	(449 686)	(453 095)
Transfers and subsidies - capital (monetary alloc	–	–	638 017	597 302	584 710	584 710	584 710	536 992	494 937	565 563
Contributions recognised - capital & contributed a	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	–	–	(113 661)	648 521	325 825	325 825	353 628	43 691	45 250	112 468
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	–	–	(113 661)	648 521	325 825	325 825	353 628	43 691	45 250	112 468
Capital expenditure & funds sources										
Capital expenditure	–	–	609 709	607 134	612 979	612 979	612 979	589 687	623 335	665 770
Transfers recognised - capital	–	–	509 262	515 929	505 100	505 100	505 100	521 937	519 085	590 562
Public contributions & donations	–	–	2 294	8 759	7 354	7 354	7 354	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	98 153	82 446	100 525	100 525	100 525	67 750	104 250	75 208
Total sources of capital funds	–	–	609 709	607 134	612 979	612 979	612 979	589 687	623 335	665 770
Financial position										
Total current assets	–	–	500 685	650 363	600 867	600 867	600 867	627 129	656 717	693 978
Total non current assets	–	–	7 551 406	7 815 439	8 013 434	8 013 434	8 013 434	8 041 097	8 039 865	8 049 698
Total current liabilities	–	–	1 495 459	525 648	641 347	641 347	641 347	716 731	690 900	707 637
Total non current liabilities	–	–	597 476	561 477	561 477	561 477	561 477	552 492	562 780	580 230
Community wealth/Equity	–	–	5 959 156	7 378 677	7 411 477	7 411 477	7 411 477	7 399 003	7 442 902	7 455 809
Cash flows										
Net cash from (used) operating	–	–	612 276	370 223	752 899	752 899	752 899	415 991	361 296	464 973
Net cash from (used) investing	–	–	(610 544)	(267 242)	(608 926)	(608 926)	(608 926)	(414 884)	(341 972)	(445 594)
Net cash from (used) financing	–	–	(4 223)	(20 410)	(20 410)	(20 410)	(20 410)	(27 247)	(29 302)	(17 515)
Cash/cash equivalents at the year end	–	–	23 864	209 867	147 426	147 426	147 426	121 281	111 303	113 168
Cash backing/surplus reconciliation										
Cash and investments available	–	–	45 660	230 376	200 426	200 426	200 426	179 713	175 725	184 193
Application of cash and investments	–	–	1 111 224	34 053	142 380	142 380	142 380	150 658	99 174	98 582
Balance - surplus (shortfall)	–	–	(1 065 563)	196 323	58 046	58 046	58 046	29 055	76 551	85 610
Asset management										
Asset register summary (WDV)	–	–	7 794 930	7 960 434	7 960 434	7 960 434		7 978 514	7 973 141	7 976 371
Depreciation	–	–	455 223	260 361	514 816	514 816		514 816	540 557	567 585
Renewal of Existing Assets	–	–	138 188	9 602	13 832	13 832		54 926	74 592	85 026
Repairs and Maintenance	–	–	208 445	232 650	232 650	232 650		270 036	301 285	387 549
Free services										
Cost of Free Basic Services provided	–	–	37 214	37 196	37 196	37 196	35 310	35 310	37 217	39 264
Revenue cost of free services provided	–	–	286 935	288 483	279 483	279 483	308 221	308 221	328 830	351 874
Households below minimum service level										
Water:	–	–	7	7	7	7	7	7	7	7
Sanitation/sewerage:	–	–	18	18	18	18	18	18	18	18
Energy:	–	–	16	16	16	16	16	16	16	16
Refuse:	–	–	142	142	142	142	142	142	142	142

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Explanatory notes to Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the City's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the City's commitment to eliminating basic service delivery backlogs.

3. Financial management reforms emphases the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

    (a) The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
    (b) Capital expenditure is balanced by capital funding sources, of which;

        (i) Transfers recognized are reflected on the Financial Performance Budget;
        (ii) Borrowing is incorporated in the net cash from financing on the Cash Flow Budget; and
        (iii) Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the City's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.

4. The Cash backing/surplus reconciliation shows positive cash balance which means that the municipalities' obligation will be met for the rest of the MTREF after considering its application of cash and investments.

5. The section of Free Services shows that the amount spent on Free Basic Services by the City continues to increase whiles the revenue cost continues to decrease for the MTREF.

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MP326 City of Mbombela - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional										
Governance and administration		–	–	984 992	1 231 288	1 223 947	1 223 947	1 314 200	1 420 447	1 546 784
Executive and council		–	–	2 030	1 682	1 682	1 682	865	911	962
Finance and administration		–	–	982 962	1 229 605	1 222 265	1 222 265	1 313 335	1 419 535	1 545 823
Internal audit		–	–	–	0	0	0	0	0	0
Community and public safety		–	–	9 554	13 259	8 259	8 259	5 067	5 340	5 634
Community and social services		–	–	1 293	1 506	1 506	1 506	784	826	872
Sport and recreation		–	–	8 191	11 471	6 471	6 471	4 149	4 373	4 614
Public safety		–	–	67	282	282	282	133	141	148
Housing		–	–	3	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	485 221	816 473	799 608	799 608	783 789	772 013	858 187
Planning and development		–	–	485 221	597 943	596 078	596 078	576 963	554 019	628 202
Road transport		–	–	–	218 530	203 530	203 530	206 826	217 994	229 984
Environmental protection		–	–	–	(0)	(0)	(0)	0	0	0
Trading services		–	–	1 107 523	1 270 360	1 258 633	1 258 633	1 198 696	1 237 447	1 305 661
Energy sources		–	–	807 675	979 153	979 153	979 153	957 362	991 766	1 046 468
Water management		–	–	187 912	143 910	134 183	134 183	99 843	105 234	111 022
Waste water management		–	–	22 984	29 581	30 581	30 581	28 112	29 630	31 260
Waste management		–	–	88 952	117 716	114 716	114 716	113 379	110 816	116 911
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	–	–	2 587 290	3 331 380	3 290 447	3 290 447	3 301 751	3 435 248	3 716 266
Expenditure - Functional										
Governance and administration		–	–	664 707	615 400	737 206	737 206	673 016	688 493	728 072
Executive and council		–	–	126 031	146 897	136 086	136 086	157 130	161 520	171 552
Finance and administration		–	–	538 676	462 859	593 418	593 418	510 373	520 498	549 660
Internal audit		–	–	–	5 644	7 702	7 702	5 514	6 475	6 861
Community and public safety		–	–	210 279	269 283	289 406	289 406	314 632	324 363	342 691
Community and social services		–	–	32 864	45 640	42 199	42 199	64 104	67 355	71 346
Sport and recreation		–	–	127 051	177 481	201 137	201 137	194 863	198 428	209 425
Public safety		–	–	38 906	35 618	37 756	37 756	43 711	46 211	49 291
Housing		–	–	8 396	10 544	8 315	8 315	11 954	12 368	12 628
Health		–	–	3 062	–	–	–	–	–	–
Economic and environmental services		–	–	553 403	515 134	499 265	499 265	639 675	643 082	689 638
Planning and development		–	–	540 450	118 395	108 770	108 770	165 420	168 222	167 973
Road transport		–	–	–	388 324	379 347	379 347	465 066	465 494	511 801
Environmental protection		–	–	12 953	8 416	11 148	11 148	9 189	9 366	9 863
Trading services		–	–	1 270 736	1 280 116	1 431 519	1 431 519	1 598 945	1 700 983	1 808 420
Energy sources		–	–	717 551	741 140	801 703	801 703	905 026	966 036	1 034 148
Water management		–	–	303 778	254 610	299 231	299 231	317 850	333 179	352 355
Waste water management		–	–	62 479	112 454	147 151	147 151	135 890	144 412	150 411
Waste management		–	–	186 929	171 912	183 434	183 434	240 178	257 355	271 506
Other	4	–	–	1 825	2 926	7 226	7 226	31 791	33 077	34 978
Total Expenditure - Functional	3	–	–	2 700 951	2 682 858	2 964 622	2 964 622	3 258 060	3 389 997	3 603 798
Surplus/(Deficit) for the year		–	–	(113 661)	648 521	325 825	325 825	43 691	45 250	112 468

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms if each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and it does balance to the operating revenue shown on Table A4.

3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is not the case on Water, Waste water functions and the Waste management function. As already noted above, the City will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function's tariff structure.

MP326 City of Mbombela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 01 - Council		–	–	10	10	10	10	5	6	6
Vote 02 - Office Of Council		–	–	1 256	1 256	1 256	1 256	594	626	660
Vote 03 - Municipal Manager		–	–	7 468	7 468	7 468	7 468	4 223	4 451	4 696
Vote 04 - City Planning And Development Department		–	–	13 896	13 896	13 896	13 896	7 591	8 001	8 441
Vote 05 - Corporate Services Department		–	–	859	859	859	859	598	631	665
Vote 06 - Strategic Management Services		–	–	–	–	–	–	–	–	–
Vote 07 - Financial Management		–	–	1 216 251	1 216 251	1 213 820	1 213 820	1 308 128	1 414 047	1 540 033
Vote 08 - Legal Services		–	–	–	–	–	–	–	–	–
Vote 09 - Regional Centre Coordination		–	–	–	–	–	–	–	–	–
Vote 10 - Community Services		–	–	130 693	130 693	122 693	122 693	118 312	116 016	122 397
Vote 11 - Public Works, Roads And Transport		–	–	7 522	591 612	589 747	589 747	573 969	550 863	624 873
Vote 12 - Public Safety		–	–	63 744	223 744	203 834	203 834	206 970	218 147	230 145
Vote 13 - Water And Sanitation		–	–	166 439	166 439	157 712	157 712	123 998	130 694	137 882
Vote 14 - Energy		–	–	979 153	979 153	979 153	979 153	957 362	991 766	1 046 468
Vote 15 - Other		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	–	–	2 587 290	3 331 380	3 290 447	3 290 447	3 301 751	3 435 248	3 716 266
Expenditure by Vote *to be appropriated*	1									
Vote 01 - Council		–	–	63 150	63 150	62 448	62 448	69 965	71 669	75 937
Vote 02 - Office Of Council		–	–	22 934	22 934	21 891	21 891	28 414	27 895	29 894
Vote 03 - Municipal Manager		–	–	95 764	95 764	106 626	106 626	115 636	118 348	125 231
Vote 04 - City Planning And Development Department		–	–	84 673	84 673	93 751	93 751	122 149	128 130	131 048
Vote 05 - Corporate Services Department		–	–	146 999	146 999	191 220	191 220	109 645	115 994	121 608
Vote 06 - Strategic Management Services		–	–	28 166	28 166	31 418	31 418	39 130	41 298	43 862
Vote 07 - Financial Management		–	–	220 205	220 205	260 710	260 710	262 620	272 197	289 512
Vote 08 - Legal Services		–	–	2 399	2 399	3 643	3 643	2 071	2 183	2 309
Vote 09 - Regional Centre Coordination		–	–	7 527	7 527	14 438	14 438	19 562	19 539	20 571
Vote 10 - Community Services		–	–	388 849	388 849	422 120	422 120	466 096	488 529	515 750
Vote 11 - Public Works, Roads And Transport		–	–	300 987	300 987	308 120	308 120	439 909	438 051	454 395
Vote 12 - Public Safety		–	–	269 923	269 923	278 427	278 427	332 661	336 361	376 273
Vote 13 - Water And Sanitation		–	–	328 236	310 144	368 107	368 107	348 199	366 939	386 591
Vote 14 - Energy		–	–	741 140	741 140	801 703	801 703	902 004	962 863	1 030 816
Vote 15 - Other		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	–	–	2 700 951	2 682 858	2 964 622	2 964 622	3 258 060	3 389 997	3 603 798
Surplus/(Deficit) for the year	2	–	–	(113 661)	648 521	325 825	325 825	43 691	45 250	112 468

Explanatory notes Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the City. This means it is possible to present the operating surplus or deficit of a vote.

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MP326 City of Mbombela - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	–	–	370 133	513 667	513 667	513 667	513 667	590 717	633 248	681 375
Service charges - electricity revenue	2	–	–	781 326	941 132	941 132	941 132	941 132	926 325	976 347	1 030 046
Service charges - water revenue	2	–	–	81 121	96 812	97 812	97 812	97 812	95 841	101 016	106 572
Service charges - sanitation revenue	2	–	–	22 984	29 581	30 581	30 581	30 581	28 112	29 630	31 260
Service charges - refuse revenue	2	–	–	83 264	111 002	108 002	108 002	108 002	105 139	110 816	116 911
Service charges - other				–							
Rental of facilities and equipment		–	–	13 995	24 306	19 306	19 306	19 306	12 445	13 117	13 839
Interest earned - external investments		–	–	1 610	8 946	7 946	7 946	7 946	1 740	1 834	1 935
Interest earned - outstanding debtors		–	–	26 631	26 235	29 235	29 235	29 235	28 859	31 745	34 919
Dividends received				–							
Fines, penalties and forfeits		–	–	6 592	29 944	14 944	14 944	14 944	8 363	8 815	9 299
Licences and permits		–	–	–	–	–	–	–	–	–	–
Agency services		–	–	34 708	193 096	188 186	188 186	188 186	198 143	208 843	220 329
Transfers and subsidies		–	–	494 368	695 668	695 668	695 668	695 668	741 061	795 372	873 066
Other revenue	2	–	–	32 541	63 690	59 260	59 260	59 260	28 015	29 527	31 151
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		–	–	1 949 273	2 734 077	2 705 736	2 705 736	2 705 736	2 764 759	2 940 311	3 150 703
Expenditure By Type											
Employee related costs	2	–	–	576 338	731 750	758 204	758 204	758 204	873 505	922 599	982 543
Remuneration of councillors		–	–	30 680	39 598	39 598	39 598	39 598	41 696	43 948	46 365
Debt impairment	3	–	–	23 417	57 987	73 968	73 968	73 968	162 736	163 655	173 982
Depreciation & asset impairment	2	–	–	455 223	260 361	514 816	514 816	514 816	540 557	567 585	595 964
Finance charges		–	–	48 664	25 770	19 801	19 801	19 801	40 039	37 010	27 978
Bulk purchases	2	–	–	606 735	640 935	686 113	686 113	686 113	736 187	794 583	857 668
Other materials	8	–	–	4 111	54 904	48 732	48 732	48 732	55 567	58 552	61 761
Contracted services		–	–	616 133	535 270	496 621	496 621	496 621	516 727	502 011	520 237
Transfers and subsidies		–	–	39 271	47 365	41 415	41 415	13 613	35 310	37 217	39 264
Other expenditure	4, 5	–	–	300 379	288 917	285 354	285 354	285 354	255 735	262 838	298 036
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Total Expenditure		–	–	2 700 951	2 682 858	2 964 622	2 964 622	2 936 819	3 258 060	3 389 997	3 603 798
Surplus/(Deficit)		–	–	(751 678)	51 219	(258 886)	(258 886)	(231 083)	(493 301)	(449 686)	(453 095)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		–	–	638 017	597 302	584 710	584 710	584 710	536 992	494 937	565 563
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher	6	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind - all)		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		–	–	(113 661)	648 521	325 825	325 825	353 628	43 691	45 250	112 468
Taxation											
Surplus/(Deficit) after taxation		–	–	(113 661)	648 521	325 825	325 825	353 628	43 691	45 250	112 468
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		–	–	(113 661)	648 521	325 825	325 825	353 628	43 691	45 250	112 468
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		–	–	(113 661)	648 521	325 825	325 825	353 628	43 691	45 250	112 468

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

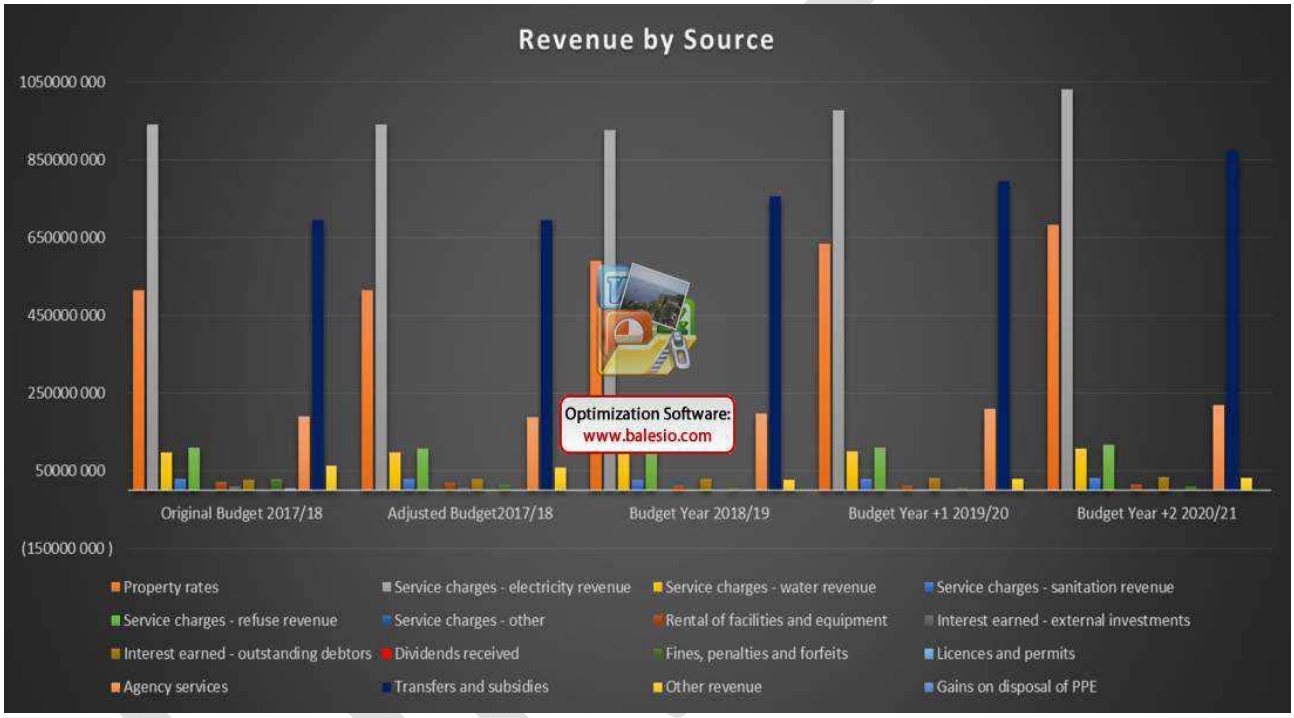
The City will receive significant portion of its revenue from services charges (electricity, water, sewerage and refuse removal services) amounting to R1 155 billion indicating a decrease of R22 million (2 per cent) from R1 178 billion in 2017/2018 financial year and increases to R1 285 billion over the medium-term. The revenue from services charge makes up 42 percent of the total operating revenue budget.

The revenue from property rates will amount to R591 million after taking into account property rates revenue forgone which is rates exemptions and rebates granted in terms of the rates policy amounting to R201 million in 2018/2019 financial year and increases to R681 million over the medium-term. The property rates revenue contributes about 21 percent of the total operating revenue budget.

Operating grants allocation comprising of equitable share and other grants contributes 27 percent to the total operating revenue budget and will amount to R756 million in 2018/2019 financial year and increases to R872 million over the medium-term.

The other revenue amounts to R278 million indicating a decrease of R41 million (13 percent) in 2018/2019.The other revenue comprises of revenue from agency fees of R198 million, interest from outstanding debtors and investments of R31 million, rental of municipal properties and facilities of R12 million and sundry income of R23 million. The other revenue contributes about 10 percent of the total operating revenue budget.

In conclusion, the graphic illustration the main revenue streams of the City is as follows;



The employee's remuneration cost will amount to R915 million in 2018/2019 financial year in the absence of the collective agreement 6,3 percent for employees related cost and 5,3 percent for remuneration of councilors. The remuneration cost to the total operating expenditure budget is 28 per cent. The employees remuneration cost will increase to R967 million in 2019/2020 financial year and the expenditure to the total operating budget will be 29 percent.

The bulk purchase expenditure is mainly expenditure for bulk electricity purchase from Eskom and the bulk water purchase and will increase to R736 million due to an average increase of 7,32 percent granted to Eskom by the National Energy Regulator of South Africa, the increase will come into effect from 01 July 2018 and bulk water increase of 7 percent. The bulk purchase expenditure make up 23 per cent of the total operating expenditure budget.

The depreciation cost will be R541 million which makes up 17 percent of the total operating expenditure and is about 7 per cent of the total assets carrying value of R7 625 billion. The depreciation costs represent the rate at which the assets of the municipality are utilized in rendering services and therefore the cost should be provided for/included on the budget to ensure the current ratepayers and

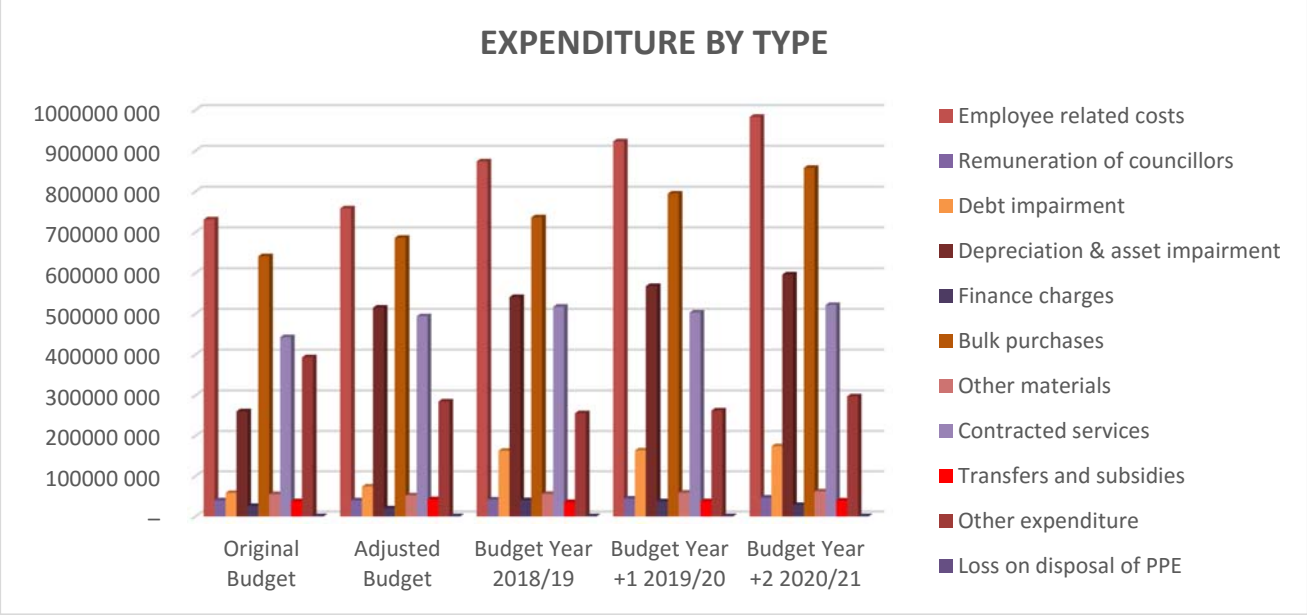
users of the municipal services are able to contribute towards the refurbishment, upgrade and renewal of the assets.

The cost curtailment measures has been applied in line with the National Government directives on other expenditure. The cost curtailment will result in repriotisation and reducing the expenditure by R29 million (10 percent) in 2018/2019. The contracted services and expenditure makes up 24 percent of the total operating expenditure budget.

Included on this expenditure items is IDP operating projects amounting to R126 million in 2018/2019 financial year and decrease to R105 million in 2020/2021 financial year. The breakdown of the total expenditure for operating projects per municipal priorities is as tabulated below, detailed list of operating projects is attached as **Annexure 20/2018.**

The City has allocated an amount of R35 million in the 2018/2019 financial year for provision of free basic services. The free basic services will be provided in accordance with the criteria set on the indigent policy of the City.

In conclusion, the graphic illustration the main expenditure by type streams of the City is as follows;



MP326 City of Mbombela - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure - Vote											
Multi-year expenditure *to be appropriated*	2										
Vote 01 - Council		–	–	–	–	–	–	–	–	–	–
Vote 02 - Office Of Council		–	–	–	–	–	–	–	–	–	–
Vote 03 - Municipal Manager		–	–	–	–	–	–	–	–	–	–
Vote 04 - City Planning And Development Department		–	–	–	–	–	–	–	2 000	4 000	5 500
Vote 05 - Corporate Services Department		–	–	–	–	–	–	–	–	–	–
Vote 06 - Strategic Management Services		–	–	–	–	–	–	–	–	–	–
Vote 07 - Financial Management		–	–	–	–	–	–	–	–	–	–
Vote 08 - Legal Services		–	–	–	–	–	–	–	–	–	–
Vote 09 - Regional Centre Coordination		–	–	–	–	–	–	–	–	–	–
Vote 10 - Community Services		–	–	–	–	–	–	–	–	–	–
Vote 11 - Public Works, Roads And Transport		–	–	–	–	–	–	–	174 531	247 622	231 816
Vote 12 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 13 - Water And Sanitation		–	–	–	–	–	–	–	32 189	43 880	26 127
Vote 14 - Energy		–	–	–	–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	7	–	–	–	–	–	–	–	208 720	295 502	263 443
Single-year expenditure *to be appropriated*	2										
Vote 01 - Council		–	–	–	–	–	–	–	–	–	–
Vote 02 - Office Of Council		–	–	–	–	–	–	–	–	–	–
Vote 03 - Municipal Manager		–	–	3 800	10 347	8 406	8 406	–	–	–	–
Vote 04 - City Planning And Development Department		–	–	45 735	48 143	44 887	44 887	19 308	44 140	17 620	43 500
Vote 05 - Corporate Services Department		–	–	6 365	6 700	7 853	7 853	710	–	–	–
Vote 06 - Strategic Management Services		–	–	–	965	400	400	–	–	–	–
Vote 07 - Financial Management		–	–	4 703	4 950	27 888	27 888	4 339	1 490	1 000	1 000
Vote 08 - Legal Services		–	–	–	–	–	–	–	–	–	–
Vote 09 - Regional Centre Coordination		–	–	–	1 000	1 040	1 040	100	–	–	–
Vote 10 - Community Services		–	–	8 854	9 320	7 439	7 439	554	1 000	–	–
Vote 11 - Public Works, Roads And Transport		–	–	389 915	367 459	356 990	356 990	150 679	218 091	188 300	230 106
Vote 12 - Public Safety		–	–	3 630	3 821	3 120	3 120	716	–	–	–
Vote 13 - Water And Sanitation		–	–	111 304	117 162	117 360	117 360	36 970	101 246	105 486	111 290
Vote 14 - Energy		–	–	35 404	37 267	37 595	37 595	16 061	15 000	15 428	16 431
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		–	–	609 709	607 134	612 979	612 979	229 437	380 967	327 834	402 327
Total Capital Expenditure - Vote		–	–	609 709	607 134	612 979	612 979	229 437	589 687	623 335	665 770
Capital Expenditure - Functional											
Governance and administration		–	–	14 277	22 210	39 631	39 631	39 631	1 490	1 000	1 000
Executive and council		–	–	3 174	6 347	–	–	–	–	–	–
Finance and administration		–	–	11 104	15 862	39 631	39 631	39 631	1 490	1 000	1 000
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		–	–	24 364	34 806	15 954	15 954	15 954	39 160	34 297	11 892
Community and social services		–	–	14 236	20 338	8 254	8 254	8 254	23 500	17 500	–
Sport and recreation		–	–	8 385	11 978	6 838	6 838	6 838	15 660	16 797	11 892
Public safety		–	–	210	300	862	862	862	–	–	–
Housing		–	–	1 533	2 190	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	335 730	305 946	323 784	323 784	323 784	335 128	376 216	466 230
Planning and development		–	–	39 419	39 788	41 371	41 371	41 371	74 648	105 423	107 986
Road transport		–	–	296 311	266 159	282 413	282 413	282 413	260 480	270 793	358 244
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		–	–	230 163	237 704	227 641	227 641	227 641	206 304	211 823	186 648
Energy sources		–	–	31 963	39 954	37 595	37 595	37 595	15 000	15 428	16 431
Water management		–	–	152 273	140 341	139 991	139 991	139 991	150 125	140 366	112 617
Waste water management		–	–	39 918	49 897	42 798	42 798	42 798	41 179	56 029	57 600
Waste management		–	–	6 009	7 512	7 256	7 256	7 256	–	–	–
Other		–	–	5 175	6 468	5 969	5 969	5 969	7 605	–	–
Total Capital Expenditure - Functional	3	–	–	609 709	607 134	612 979	612 979	612 979	589 687	623 335	665 770
Funded by:											
National Government		–	–	509 262	515 929	505 100	505 100	505 100	521 937	519 085	590 562
Provincial Government		–	–	–	–	–	–	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Other transfers and grants		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	–	–	509 262	515 929	505 100	505 100	505 100	521 937	519 085	590 562
Public contributions & donations	5	–	–	2 294	8 759	7 354	7 354	7 354	–	–	–
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		–	–	98 153	82 446	100 525	100 525	100 525	67 750	104 250	75 208
Total Capital Funding	7	–	–	609 709	607 134	612 979	612 979	612 979	589 687	623 335	665 770

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Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. The MFMA provides that a City may approve multi-year or single-year capital budget appropriations. R590 million has been allocated for 2018/2019 shows a decrease of 4 percent or R23 million from the 2017/2018 budget of R613 million and will then increase to R666 million over the medium term.

3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the City. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

4. The capital program is funded from national and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds the availability of internal reserves will depend largely on collection of outstanding debts. For 2018/2019, capital grants totals R522 million, decrease to R519 million by 2019/2020 and a further increase to R591 million by 2020/2021. No borrowing anticipated due to the dwindling economy in 2017/2018 with internally generated funding totaling R68 million, R104 million and R75 million for each of the respective financial years of the MTREF.

5. The allocation of the capital funding on projects was based on the municipal priorities informed by the public participation and consultative process conducted during the review of the Integrated Development Plan (IDP).

6. The City will be spending in the next three years R1 729 billion (92 percent) of the total capital expenditure budget) on services infrastructure development to address backlogs.

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MP326 City of Mbombela - Table A6 Budgeted Financial Position

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS											
Current assets											
Cash		–	–	23 864	209 867	147 426	147 426	147 426	121 281	111 303	113 168
Call investment deposits	1	–	–	4 536	–	–	–	–	–	–	–
Consumer debtors	1	–	–	142 085	258 897	271 842	271 842	271 842	287 441	312 948	340 004
Other debtors		–	–	228 585	68 029	68 029	68 029	68 029	94 315	100 604	99 542
Current portion of long-term receivables		–	–	–	–	–	–	–	5 021	5 292	5 583
Inventory	2	–	–	101 616	113 570	113 570	113 570	113 570	119 071	126 570	135 680
Total current assets		–	–	500 685	650 363	600 867	600 867	600 867	627 129	656 717	693 978
Non current assets											
Long-term receivables		–	–	–	–	–	–	–	–	–	–
Investments		–	–	17 260	20 509	53 000	53 000	53 000	58 433	64 422	71 025
Investment property				341 353	343 684	343 684	343 684	343 684	341 078	338 341	335 467
Investment in Associate				–	–	–	–	–	–	–	–
Property, plant and equipment	3	–	–	7 174 091	7 438 890	7 604 394	7 604 394	7 604 394	7 624 605	7 622 035	7 628 256
Agricultural				–	–	–	–	–	–	–	–
Biological				–	–	–	–	–	–	–	–
Intangible		–	–	16 048	12 356	12 356	12 356	12 356	12 831	12 766	12 647
Other non-current assets				2 653	–	–	–	–	4 150	2 302	2 302
Total non current assets		–	–	7 551 406	7 815 439	8 013 434	8 013 434	8 013 434	8 041 097	8 039 865	8 049 698
TOTAL ASSETS		–	–	8 052 091	8 465 802	8 614 301	8 614 301	8 614 301	8 668 226	8 696 582	8 743 675
LIABILITIES											
Current liabilities											
Bank overdraft	1	–	–	–	–	–	–	–	–	–	–
Borrowing	4	–	–	23 440	20 410	20 410	20 410	20 410	29 302	17 515	18 407
Consumer deposits		–	–	34 594	28 483	28 483	28 483	28 483	36 427	38 394	40 506
Trade and other payables	4	–	–	1 434 091	467 518	583 217	583 217	583 217	621 756	606 086	618 105
Provisions		–	–	3 335	9 237	9 237	9 237	9 237	29 246	28 906	30 619
Total current liabilities		–	–	1 495 459	525 648	641 347	641 347	641 347	716 731	690 900	707 637
Non current liabilities											
Borrowing		–	–	407 000	262 371	262 371	262 371	262 371	237 701	215 554	197 147
Provisions		–	–	190 476	299 107	299 107	299 107	299 107	314 791	347 225	383 083
Total non current liabilities		–	–	597 476	561 477	561 477	561 477	561 477	552 492	562 780	580 230
TOTAL LIABILITIES		–	–	2 092 935	1 087 125	1 202 824	1 202 824	1 202 824	1 269 223	1 253 680	1 287 867
NET ASSETS	5	–	–	5 959 156	7 378 677	7 411 477	7 411 477	7 411 477	7 399 003	7 442 902	7 455 809
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		–	–	5 959 156	7 378 677	7 411 477	7 411 477	7 411 477	7 399 003	7 442 902	7 455 809
Reserves	4	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	5	–	–	5 959 156	7 378 677	7 411 477	7 411 477	7 411 477	7 399 003	7 442 902	7 455 809

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table SA3 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
   - Call investments deposits;
   - Consumer debtors;
   - Property, plant and equipment;
   - Trade and other payables;
   - Provisions non-current;

- Changes in net assets; and
- Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the City belong to the community.

MP326 City of Mbombela - Table A7 Budgeted Cash Flows

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates				374 822	493 120	487 983	487 983	487 983	531 645	576 256	620 051
Service charges				834 900	1 160 748	1 152 956	1 152 956	1 152 956	1 039 875	1 089 696	1 149 496
Other revenue				56 154	296 621	253 413	253 413	253 413	255 993	285 731	297 946
Government - operating	1			494 368	695 668	614 568	614 568	614 568	756 116	794 372	872 066
Government - capital	1			633 202	597 302	584 710	584 710	584 710	521 937	495 937	566 563
Interest				28 240	29 934	7 946	7 946	7 946	27 713	30 722	33 712
Dividends				–	–	–	–	–	–	–	–
Payments											
Suppliers and employees				(1 723 849)	(2 840 203)	(2 286 819)	(2 286 819)	(2 286 819)	(2 644 854)	(2 840 711)	(3 011 490)
Finance charges				(46 290)	(25 770)	(19 801)	(19 801)	(19 801)	(37 165)	(33 532)	(24 153)
Transfers and Grants	1			(39 271)	(37 196)	(42 058)	(42 058)	(42 058)	(35 270)	(37 174)	(39 219)
NET CASH FROM/(USED) OPERATING ACTIVITIES		–	–	612 276	370 223	752 899	752 899	752 899	415 991	361 296	464 973
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				–	–	–	–	–	–	2 106	–
Decrease (Increase) in non-current debtors					220 632	(176 506)	(176 506)	(176 506)	15 000	–	–
Decrease (increase) other non-current receivables				(835)	119 260	119 260	119 260	119 260	126 054	130 299	120 190
Decrease (increase) in non-current investments				–	–	–	–	–	–	–	–
Payments											
Capital assets				(609 709)	(607 134)	(551 681)	(551 681)	(551 681)	(555 937)	(474 377)	(565 784)
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	(610 544)	(267 242)	(608 926)	(608 926)	(608 926)	(414 884)	(341 972)	(445 594)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans				–	–	–	–	–	–	–	–
Borrowing long term/refinancing				–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits				–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing				(4 223)	(20 410)	(20 410)	(20 410)	(20 410)	(27 247)	(29 302)	(17 515)
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	(4 223)	(20 410)	(20 410)	(20 410)	(20 410)	(27 247)	(29 302)	(17 515)
NET INCREASE/ (DECREASE) IN CASH HELD		–	–	(2 491)	82 571	123 562	123 562	123 562	(26 139)	(9 978)	1 865
Cash/cash equivalents at the year begin:	2			26 356	127 296	23 864	23 864	23 864	147 420	121 281	111 303
Cash/cash equivalents at the year end:	2	–	–	23 864	209 867	147 426	147 426	147 426	121 281	111 303	113 168

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2018/2019 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. The above table reflects that the City will decrease its cash flow position by 18 percent from R147 million as at June 2018 to R121 million in June 2019 and further decreases to R113 million in 2020/2021 financial year.
5. The cash inflows will be generated from operating activities amounting to R3 133 billion and R141 million from investing activities including (VAT refund) and no allocation from financing activities due to the economic downturn.
6. The cash generated from operating activities will be utilised to fund R2 717 billion worth of suppliers and employees, fund or invest on (capital expenditure) amounting to R556 million and financing activities (repayment of borrowings) amounting to R27 million.

MP326 City of Mbombela - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	–	–	23 864	209 867	147 426	147 426	147 426	121 281	111 303	113 168
Other current investments > 90 days		–	–	4 536	–	(0)	(0)	(0)	–	–	–
Non current assets - Investments	1	–	–	17 260	20 509	53 000	53 000	53 000	58 433	64 422	71 025
Cash and investments available:		–	–	45 660	230 376	200 426	200 426	200 426	179 713	175 725	184 193
Application of cash and investments											
Unspent conditional transfers		–	–	169 521	88 589	88 589	88 589	88 589	26 097	26 354	23 778
Unspent borrowing		–	–	–	–	–	–		–	–	–
Statutory requirements	2				(119 260)	(119 260)	(119 260)	(119 260)	(126 054)	(130 299)	(120 190)
Other working capital requirements	3	–	–	941 702	64 725	173 052	173 052	173 052	250 615	203 118	194 995
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		–	–	1 111 224	34 053	142 380	142 380	142 380	150 658	99 174	98 582
Surplus(shortfall)		–	–	(1 065 563)	196 323	58 046	58 046	58 046	29 055	76 551	85 610

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Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the City's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. As part of the budgeting and planning guidelines that informed the compilation of the 2017/2018 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.
6. As can be seen that the budget has been modeled to progressively move from a small surplus of R29 million in 2018/2019 to R77 million in 2019/2020 and will increase to R86 million in 2020/2021 after meeting the obligations.

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MP326 City of Mbombela - Table A9 Asset Management

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CAPITAL EXPENDITURE										
Total New Assets	1	–	–	302 642	362 961	432 014	432 014	378 403	422 417	405 738
Roads Infrastructure		–	–	137 337	152 597	171 527	171 527	198 679	249 196	256 706
Storm water Infrastructure		–	–	16 462	18 291	29 270	29 270	17 083	20 500	17 800
Electrical Infrastructure		–	–	28 606	33 654	37 182	37 182	21 403	19 522	21 431
Water Supply Infrastructure		–	–	25 848	32 309	51 370	51 370	68 279	46 680	45 677
Sanitation Infrastructure		–	–	19 669	24 587	29 422	29 422	14 096	23 229	18 500
Solid Waste Infrastructure		–	–	–	–	8 000	8 000	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	1 500	500	500	–	–	–
Infrastructure		–	–	*227 923*	*262 939*	*327 271*	*327 271*	*319 540*	*359 127*	*360 114*
Community Facilities		–	–	51 001	68 002	74 680	74 680	57 863	57 790	45 623
Sport and Recreation Facilities		–	–	–	–	497	497	–	–	–
Community Assets		–	–	*51 001*	*68 002*	*75 178*	*75 178*	*57 863*	*57 790*	*45 623*
Heritage Assets		–	–	–	–	401	401	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	2 707	4 512	7 034	7 034	–	–	–
Housing		–	–	–	2 190	–	–	–	–	–
Other Assets		–	–	*2 707*	*6 702*	*7 034*	*7 034*	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	9 238	11 547	2 560	2 560	–	–	–
Intangible Assets		–	–	*9 238*	*11 547*	*2 560*	*2 560*	–	–	–
Computer Equipment		–	–	3 384	4 230	2 981	2 981	–	–	–
Furniture and Office Equipment		–	–	783	870	3 249	3 249	–	–	–
Machinery and Equipment		–	–	3 758	4 421	2 480	2 480	–	2 500	–
Transport Assets		–	–	3 848	4 050	10 861	10 861	1 000	3 000	–
Libraries		–	–	–	200	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Renewal of Existing Assets	2	–	–	138 188	9 602	13 832	13 832	54 926	74 592	85 026
Roads Infrastructure		–	–	130 820	–	–	–	16 017	28 398	29 960
Storm water Infrastructure		–	–	–	–	560	560	–	–	–
Electrical Infrastructure		–	–	–	600	–	–	–	–	–
Water Supply Infrastructure		–	–	5 942	6 603	9 360	9 360	13 680	22 174	22 174
Sanitation Infrastructure		–	–	1 425	1 500	3 082	3 082	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	11 826	10 171	17 840
Coastal Infrastructure		–	–	–	–	–	–	11 038	10 415	12 484
Information and Communication Infrastructure		–	–	–	–	–	–	2 365	3 434	2 568
Infrastructure		–	–	*138 188*	*8 702*	*13 002*	*13 002*	*54 926*	*74 592*	*85 026*
Community Facilities		–	–	–	900	800	800	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		–	–	–	*900*	*800*	*800*	–	–	–
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	30	30	–	–	–
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–

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Total Upgrading of Existing Assets	6	–	–	168 880	234 571	167 133	167 133	156 359	126 326	175 006
Roads Infrastructure		–	–	75 885	94 857	71 151	71 151	68 946	39 611	103 348
Storm water Infrastructure		–	–	3 824	6 953	–	–	–	–	–
Electrical Infrastructure		–	–	–	5 661	1 374	1 374	–	–	–
Water Supply Infrastructure		–	–	70 300	100 429	76 982	76 982	67 166	65 512	43 766
Sanitation Infrastructure		–	–	2 671	3 339	2 900	2 900	8 500	7 500	20 000
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	1 300	300	300	–	–	–
Infrastructure		–	–	*152 681*	*212 538*	*152 708*	*152 708*	*144 612*	*112 623*	*167 114*
Community Facilities		–	–	5 319	7 598	3 609	3 609	10 257	12 703	6 892
Sport and Recreation Facilities		–	–	3 685	5 669	2 244	2 244	–	–	–
Community Assets		–	–	*9 004*	*13 267*	*5 853*	*5 853*	*10 257*	*12 703*	*6 892*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	7 196	8 465	8 319	8 319	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	*7 196*	*8 465*	*8 319*	*8 319*	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	103	103	1 490	1 000	1 000
Intangible Assets		–	–	–	–	*103*	*103*	*1 490*	*1 000*	*1 000*
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	–	–	300	150	150	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Total Capital Expenditure	4									
Roads Infrastructure		–	–	344 043	247 454	242 679	242 679	283 642	317 206	390 015
Storm water Infrastructure		–	–	20 286	25 244	29 829	29 829	17 083	20 500	17 800
Electrical Infrastructure		–	–	28 606	39 915	38 557	38 557	21 403	19 522	21 431
Water Supply Infrastructure		–	–	102 090	139 341	137 712	137 712	149 125	134 366	111 617
Sanitation Infrastructure		–	–	23 765	29 425	35 404	35 404	22 596	30 729	38 500
Solid Waste Infrastructure		–	–	–	–	8 000	8 000	–	–	–
Rail Infrastructure		–	–	–	–	–	–	11 826	10 171	17 840
Coastal Infrastructure		–	–	–	–	–	–	11 038	10 415	12 484
Information and Communication Infrastructure		–	–	–	2 800	800	800	2 365	3 434	2 568
Infrastructure		–	–	*518 791*	*484 179*	*492 980*	*492 980*	*519 078*	*546 343*	*612 255*
Community Facilities		–	–	56 320	76 500	79 090	79 090	68 119	70 493	52 516
Sport and Recreation Facilities		–	–	3 685	5 669	2 741	2 741	–	–	–
Community Assets		–	–	*60 005*	*82 169*	*81 831*	*81 831*	*68 119*	*70 493*	*52 516*
Heritage Assets		–	–	–	–	401	401	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	9 903	12 977	15 353	15 353	–	–	–
Housing		–	–	–	2 190	–	–	–	–	–
Other Assets		–	–	*9 903*	*15 167*	*15 353*	*15 353*	–	–	–
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	9 238	11 547	2 662	2 662	1 490	1 000	1 000
Intangible Assets		–	–	*9 238*	*11 547*	*2 662*	*2 662*	*1 490*	*1 000*	*1 000*
Computer Equipment		–	–	3 384	4 230	2 981	2 981	–	–	–
Furniture and Office Equipment		–	–	783	870	3 279	3 279	–	–	–
Machinery and Equipment		–	–	3 758	4 721	2 630	2 630	–	2 500	–
Transport Assets		–	–	3 848	4 050	10 861	10 861	1 000	3 000	–
Libraries		–	–	–	200	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL CAPITAL EXPENDITURE - Asset class		–	–	609 709	607 134	612 979	612 979	589 687	623 335	665 770

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ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure				2 067 560	2 176 379	2 176 379	2 176 379	2 035 711	2 035 711	2 035 711
Storm water Infrastructure				–	–	–	–			
Electrical Infrastructure				840 737	884 986	884 986	884 986	739 661	739 661	739 661
Water Supply Infrastructure				1 518 508	1 598 429	1 598 429	1 598 429	1 614 298	1 614 298	1 614 298
Sanitation Infrastructure				910 363	958 277	958 277	958 277	909 401	909 401	909 401
Solid Waste Infrastructure				636 456	669 954	669 954	669 954	43 224	43 224	43 224
Rail Infrastructure					–	–	–	–	–	–
Coastal Infrastructure					–	–	–	–	–	–
Information and Communication Infrastructure					–	–	–	–	–	–
Infrastructure		–	–	*5 973 623*	*6 288 024*	*6 288 024*	*6 288 024*	*5 342 295*	*5 342 295*	*5 342 295*
Community Facilities				140 679	165 504	165 504	165 504	475 051	469 678	472 907
Sport and Recreation Facilities				1 292 009	1 097 832	1 097 832	1 097 832	1 767 105	1 767 105	1 767 105
Community Assets		–	–	*1 432 687*	*1 263 337*	*1 263 337*	*1 263 337*	*2 242 155*	*2 236 783*	*2 240 012*
Heritage Assets				–	–	–	–	–	–	–
Revenue Generating					–	–	–	–	–	–
Non-revenue Generating				326 500	343 684	343 684	343 684	341 353	341 353	341 353
Investment properties		–	–	*326 500*	*343 684*	*343 684*	*343 684*	*341 353*	*341 353*	*341 353*
Operational Buildings				56 165	59 121	59 121	59 121	20 058	20 058	20 058
Housing					–	–	–	–	–	–
Other Assets		–	–	*56 165*	*59 121*	*59 121*	*59 121*	*20 058*	*20 058*	*20 058*
Biological or Cultivated Assets					–	–	–	–	–	–
Servitudes					–	–	–	–	–	–
Licences and Rights				5 954	6 267	6 267	6 267	2 302	2 302	2 302
Intangible Assets		–	–	*5 954*	*6 267*	*6 267*	*6 267*	*2 302*	*2 302*	*2 302*
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment								16 048	16 048	16 048
Transport Assets								14 303	14 303	14 303
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	–	–	7 794 930	7 960 434	7 960 434	7 960 434	7 978 514	7 973 141	7 976 371
EXPENDITURE OTHER ITEMS										
Depreciation	7	–	–	455 223	260 361	514 816	514 816	514 816	540 557	567 585
Repairs and Maintenance by Asset Class	3	–	–	208 445	232 650	232 650	232 650	270 036	301 285	387 549
Roads Infrastructure		–	–	70 894	78 771	78 771	78 771	64 587	58 433	70 797
Storm water Infrastructure		–	–	10 563	11 736	11 736	11 736	12 310	12 435	25 569
Electrical Infrastructure		–	–	17 742	19 714	22 669	22 669	32 910	33 579	64 291
Water Supply Infrastructure		–	–	28 075	31 194	31 194	31 194	40 905	52 358	53 918
Sanitation Infrastructure		–	–	16 253	18 059	17 959	17 959	20 700	23 506	35 389
Solid Waste Infrastructure		–	–	2 388	2 654	2 654	2 654	20 055	33 089	45 094
Rail Infrastructure		–	–	–	212	212	212	223	235	248
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	833	233	233	380	399	419
Infrastructure		–	–	*145 915*	*163 172*	*165 427*	*165 427*	*192 070*	*214 034*	*295 723*
Community Facilities		–	–	9 448	10 498	11 154	11 154	30 336	35 005	40 941
Sport and Recreation Facilities		–	–	13 099	14 555	14 555	14 555	2 502	2 502	2 502
Community Assets		–	–	*22 547*	*25 053*	*25 709*	*25 709*	*32 838*	*37 507*	*43 443*
Heritage Assets		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		–	–	–	–	–	–	–	–	–
Operational Buildings		–	–	13 588	15 098	15 098	15 098	24 884	25 117	26 616
Housing		–	–	–	–	–	–	–	–	–
Other Assets		–	–	*13 588*	*15 098*	*15 098*	*15 098*	*24 884*	*25 117*	*26 616*
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	397	419	442
Machinery and Equipment		–	–	2 845	3 161	250	250	8 639	8 892	9 382
Transport Assets		–	–	23 550	26 166	26 166	26 166	11 208	15 317	11 943
Libraries		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
TOTAL EXPENDITURE OTHER ITEMS		–	–	663 669	493 011	747 466	747 466	784 852	841 842	955 134
Renewal and upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*50.4%*	*40.2%*	*29.5%*	*29.5%*	*35.8%*	*32.2%*	*39.1%*
Renewal and upgrading of Existing Assets as % of deprecn		*0.0%*	*0.0%*	*67.5%*	*93.8%*	*35.2%*	*35.2%*	*41.0%*	*37.2%*	*45.8%*
R&M as a % of PPE		*0.0%*	*0.0%*	*2.9%*	*3.1%*	*3.1%*	*3.1%*	*3.5%*	*4.0%*	*5.1%*
Renewal and upgrading and R&M as a % of PPE		*0.0%*	*0.0%*	*7.0%*	*6.0%*	*5.0%*	*5.0%*	*6.0%*	*6.0%*	*8.0%*

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Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.

2. For the 2018/2019 financial year 71 percent or (R192 million) of total repairs and maintenance by asset class will be spent on infrastructure assets. Roads infrastructure has received a significant proportion of this allocation totaling 24 percent (R65 million), followed by Water supply 15 percent (R41 million), Electrical by 12 percent (R33 million), Community assets 12 percent (R33 million), Other assets is at 11 percent (R25 million), Sanitation and solid waste both taking an 8 percent each and Transport asset 4 percent (R11 million).

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MP326 City of Mbombela - Table A10 Basic service delivery measurement

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets	1									
Water:										
Piped water inside dwelling		–	–	52 024	52 024	52 024	52 024	52 024	52 024	52 024
Piped water inside yard (but not in dwelling)		–	–	72 178	72 178	72 178	72 178	72 178	72 178	72 178
Using public tap (at least min.service level)	2	–	–	13 334	13 334	13 334	13 334	13 334	13 334	13 334
Other water supply (at least min.service level)	4	–	–	61 715	61 715	61 715	61 715	61 715	61 715	61 715
Minimum Service Level and Above sub-total		–	–	199 251	199 251	199 251	199 251	199 251	199 251	199 251
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	6 885	6 885	6 885	6 885	6 885	6 885	6 885
Below Minimum Service Level sub-total		–	–	6 885	6 885	6 885	6 885	6 885	6 885	6 885
Total number of households	5	–	–	206 136	206 136	206 136	206 136	206 136	206 136	206 136
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	74 171	74 171	74 171	74 171	74 171	74 171	74 171
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	114 164	114 164	114 164	114 164	114 164	114 164	114 164
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	188 335	188 335	188 335	188 335	188 335	188 335	188 335
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	17 801	17 801	17 801	17 801	17 801	17 801	17 801
Below Minimum Service Level sub-total		–	–	17 801	17 801	17 801	17 801	17 801	17 801	17 801
Total number of households	5	–	–	206 136	206 136	206 136	206 136	206 136	206 136	206 136
Energy:										
Electricity (at least min.service level)		–	–	190 065	190 065	190 065	190 065	190 065	190 065	190 065
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	190 065	190 065	190 065	190 065	190 065	190 065	190 065
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		–	–	16 071	16 071	16 071	16 071	16 071	16 071	16 071
Below Minimum Service Level sub-total		–	–	16 071	16 071	16 071	16 071	16 071	16 071	16 071
Total number of households	5	–	–	206 136	206 136	206 136	206 136	206 136	206 136	206 136
Refuse:										
Removed at least once a week		–	–	64 027	64 027	64 027	64 027	64 027	64 027	64 027
Minimum Service Level and Above sub-total		–	–	64 027	64 027	64 027	64 027	64 027	64 027	64 027
Removed less frequently than once a week		–	–	–	–	–	–	–	–	–
Using communal refuse dump		–	–	133 170	133 170	133 170	133 170	133 170	133 170	133 170
Using own refuse dump		–	–	–	–	–	–	–	–	–
Other rubbish disposal		–	–	–	–	–	–	–	–	–
No rubbish disposal		–	–	8 939	8 939	8 939	8 939	8 939	8 939	8 939
Below Minimum Service Level sub-total		–	–	142 109	142 109	142 109	142 109	142 109	142 109	142 109
Total number of households	5	–	–	206 136	206 136	206 136	206 136	206 136	206 136	206 136
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	12 037	12 037	12 037	12 037	9 953	9 953	9 953
Sanitation (free minimum level service)		–	–	12 037	12 037	12 037	12 037	9 953	9 953	9 953
Electricity/other energy (50kwh per household per month)		–	–	12 037	12 037	12 037	12 037	9 953	9 953	9 953
Refuse (removed at least once a week)		–	–	12 037	12 037	12 037	12 037	9 953	9 953	9 953
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		–	–	9 126	9 126	9 126	9 126	11 197	11 757	12 345
Sanitation (free sanitation service to indigent households)		–	–	9 126	9 126	9 126	9 126	5 385	5 655	5 937
Electricity/other energy (50kwh per indigent household per month)		–	–	5 850	5 832	5 832	5 832	4 718	4 954	5 201
Refuse (removed once a week for indigent households)		–	–	13 112	13 112	13 112	13 112	14 009	14 852	15 780
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		–	–	–	–	–	–	–	–	–
Total cost of FBS provided		–	–	37 214	37 196	37 196	37 196	35 310	37 217	39 264
Highest level of free service provided per household										
Property rates (R value threshold)				80 000	80 000	80 000	80 000	100 000	100 000	100 000
Water (kilolitres per household per month)				6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)				6	6	6	6	6	6	6
Sanitation (Rand per household per month)				–	–	–	–	–	–	–
Electricity (kwh per household per month)				50	50	50	50	50	50	50
Refuse (average litres per week)				1	1	1	1	1	1	1
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissable values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	187 560	200 525	191 525	191 525	220 263	236 122	254 067
Water (in excess of 6 kilolitres per indigent household per month)		–	–	22 910	19 153	19 153	19 153	19 153	20 187	21 297
Sanitation (in excess of free sanitation service to indigent households)		–	–	27 865	28 738	28 738	28 738	28 738	30 290	31 956
Electricity/other energy (in excess of 50 kwh per indigent household per month)		–	–	48 600	40 068	40 068	40 068	40 068	42 232	44 554
Refuse (in excess of one removal a week for indigent households)		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates										
Housing - top structure subsidies	6									
Other										
Total revenue cost of subsidised services provided		–	–	286 935	288 483	279 483	279 483	308 221	328 830	351 874

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Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. It is anticipated that these Free Basic Services will cost the City R35 million in 2018/2019. This is covered by the City's equitable share allocation from national government.

2. In addition to the Free Basic Services, the City also 'gives' households R308 million in free services in 2018/2019.

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PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the City to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the City must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the City meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

(a) that the process followed to compile the budget complies with legislation and good budget practices;
(b) that there is proper alignment between the policy and service delivery priorities set out in the City's IDP and the budget, taking into account the need to protect the financial sustainability of City;
(c) that the City's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
(d) That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.1.1 Budget process overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2017) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Executive Mayor tabled in Council the required the IDP and budget time schedule on 24 August 2017 Key dates applicable to the process were:

(a) Planning Phase

The Mayor tabled in Council the required the IDP and budget time schedule on 24 August 2017 – council resolution (A1). The following process was followed during the review of City of Mbombela's IDP and Budget for 2018/2019.

(b) Analysis Phase

Community based Planning (CBP) meetings took place during October 2016 and the zonal meetings were held on the 10 – 26 October 2017.The main aim of the meetings was to report on the City performance and achievements of the previous financial year and also to give the communities an opportunity to raise and confirm priority issues that need to be addressed within the next 2018/2019 financial year.

(c) Strategy Phase

Departmental strategic planning sessions were held on the 21 -24 November December 2017 with a follow up in January 2018 to refine and confirm the municipal strategic objectives and priorities for 2018/2019 IDP Review based on the community needs the SONA and SOPA were also considered as outlined in table below and the national, provincial, district priorities.

The Mayoral Lekgotla, which was attended by Executive, Mayor, Speaker, Chief Whip, MMCs (political office bearers), Chairpersons of Section 79 Oversight Committees, Municipal Manager, General Managers and Senior Managers also reviewed the municipal performance in 2017/2018 and re-confirmed the City's IDP development priorities.

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(d) Project Phase

On 15 – 16 March 2018, the City held another Mayoral Lekgotla to identify programs and projects that must be prioritized in the 2018/2019 IDP Review and budget.

(e) Integration Phase

During the finalization of IDP projects, the City has considered programs from sector departments and other governmental parastatals such as ESKOM, and the projects are included in Chapter 6 of the revised 2017 - 2020 IDP, a workshop for councilors on the draft documents was held on the 10 April March 2018.

The City has approved the Spatial Development Framework (SDF) to guide all the future development, and is in the process of developing and reviewing the key sector plans that will assist in achieving the constitutional obligations. The sector plans amongst others include the Long term strategic plan (Vision 2030), Local Economic Development Strategy, Environmental Management Framework, Integrated Waste Management Plan, Comprehensive Infrastructure Plan and Disaster Management Plan.

(f) Public Participation and consultative process

Subsequent to the adoption of the draft 2018/2019 – 2020/2021 budget and medium-term revenue and expenditure framework (MTREF) on 29 March 2018, the public participation and consultative process will be undertaken from 17 April 2018 to 13 May 2018 as prescribed in terms of Section 22 of the Municipal Finance Management Act No 56 of 2003, read in conjunction with Section 21 of the Municipal Systems Act.

The public participation and consultative process in a form of community meetings in various wards from 29 April 2017 to 14 May 2017 will be undertaken. On the 17 April 2018 meeting with Traditional Leaders will be conducted.
Furthermore consultation meetings will be hold on 8 and 9 May 2018 with organised business stakeholders namely; Business sector (KLBCT and NAFCOC), Mining sector (Barberton Mines (Pty) Ltd) farmers and ratepayers associations etc.

The adopted draft budget documents will be published on the municipal website on the 16 April 2018 and notices about the adopted draft budget will be published on the local newspapers and official notice boards too on that same date.

As part of the consultative process, the municipality also have a benchmark engagement meeting with the National Treasury on 26 April 2018 with regard to the adopted draft IDP and 2018/2019- 2020/2021 Budget and Medium Term Revenue and Expenditure Framework (MTREF). The benchmark engagement exercise will be conducted by the National Treasury with an objective of assessing the credibility of the IDP and budget adopted by the municipal council.

Approval Phase

The final 2018/2019 IDP and Budget will be tabled before council for approval on the 30 May 2018. The notice will be advertised on local print media on the 08 June 2018. Moreover, the documents will be placed on the municipal website, in all the 4 Regions of the City i.e Head Office, Central, Northern, Southern, Eastern and in all Libraries on the 14 June 2018 for public awareness on the approved IDP and Budget.

2.1.2 IDP and service delivery and budget implementation plan

It started in August 2017 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2018/2019 MTREF.

The City's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

(a) Registration of community needs;
(b) Compilation of departmental business plans including key performance indicators and targets;
(c) Financial planning and budgeting process;
(d) Public participation process;
(e) Compilation of the SDBIP, and
(f) The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2018/2019 MTREF, based on the approved 2017/2018 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2018/2019 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2017/2018 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3 Financial modelling and key planning drivers

As part of the compilation of the 2018/2019 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2018/2019 – 2020/2021 annual budget and MTREF:

(a) City's growth
(b) Policy priorities and strategic objectives
(c) Asset maintenance
(d) Economic climate and trends (i.e. inflation, Eskom increases, household debt, migration patterns)
(e) Performance trends
(f) The approved 2016/2017 adjustments budget and performance against the SDBIP
(g) Cash Flow Management
(h) Debtor payment levels
(i) Loan and investment possibilities
(j) The need for tariff increases versus the ability of the community to pay for services
(k) Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars in relation to municipal budget process has been taken into consideration in the planning and prioritisation process.

2.1.4 Community consultation

Chapter 4 of the Municipal Systems Act states that municipalities must develop a culture of municipal governance that complements formal representative government with a system of participatory governance, and must encourage, and create conditions for the local community to participate in the affairs of the City including the preparation, implementation and review of its IDP, Budget and Performance Management System. It furthermore states that participation by the local community must take place through Political Structures, Ward Committees and Councilors. In compliance to this, MLM has adopted Public participation policy, Community Based Planning policy and policy on Ward

2.1.5 Committees and participation

The participation of communities is driven through a Ward Committee System managed by the Public Participation Unit in the Office of the Speaker and the IDP Representative Forum. The central role of Ward Committees is to facilitate local community participation in decisions which affect the local community, to articulate local community interests and to represent these interests within the municipal governing structures. City's public participation process comprises of registration of ward needs, specific Ward Imbizo(s) and participation sessions and comments on the IDP.

Key to the participation process is a Needs Database developed per ward and managed by the Office of the Executive Mayor and Municipal Manager through the Strategic Management Services department (IDP Unit). This database comprises of an inventory of development issues and needs recorded in each of the wards in the City of Mbombela over a number of years. This Needs Database serves as the basis for community consultation and participation in the City and as inputs to the Departmental Business Planning process. During each annual IDP review process, Ward Committees and Ward Councilors are given an opportunity to update the priority issues and needs for their specific ward areas. This process takes place at the beginning of the revision process. The updated Needs Database informs the business plan formulation process conducted by various line functional departments of the City.

All documents in the appropriate format (electronic and printed) will be provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA.

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a City to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the City and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the City.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the City, issues of national and provincial importance should be reflected in the IDP of the City. A clear understanding of such intent is therefore imperative to ensure that the City strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the City's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

(a) Green Paper on National Strategic Planning of 2009;
(b) Government Program of Action;
(c) Development Facilitation Act of 1995;
(d) Provincial Growth and Development Strategy (GGDS);
(e) National and Provincial spatial development perspectives;
(f) Relevant sector plans such as transportation, legislation and policy;
(g) National Key Performance Indicators (NKPIs);
(h) Accelerated and Shared Growth Initiative (ASGISA);
(i) National 2014 Vision;
(j) National Spatial Development Perspective (NSDP); and
(k) The National Priority Outcomes.

2.2.1 National priorities

The President on his 2018 State of the Nation Address mentioned five national priorities which should embedded by all spheres of government on the planning and budgeting processes for the medium-term. The government has introduced the New Growth Plan that will guide the work of all spheres of government in achieving the goals relating these national priorities within the premise that the creation of decent work is at the Centre of our economic policies.

The five national priorities are;

(a) Creating decent jobs;
(b) Improving the quality of education;
(c) Enhancing health services;
(d) Enhancing rural development and agrarian; and
(e) Fight against crime and corruption.

In His address, the President has further declared 2018 as a year of job creation. The municipalities should align their programs with the job creation imperative.

To achieve this national priority, municipalities are urged when drafting 2018/2019 budgets to explore opportunities to mainstream labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP. The City ought to focus on maximizing its contribution to job creation by;

(a) Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
(b) Ensuring that service providers use labour intensive approaches.
(c) Supporting labour intensive LED projects.
(d) Participating fully in the EPWP/National youth service plan NYDP.
(e) Implementing interns programs to provide young people with on-the-job training

The Constitution requires local government to relate its management, budgeting and planning functions to achieve its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a City must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's seven strategic objectives for the 2018/2019 MTREF and further planning refinements that have directly informed the compilation of the budget:

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2.2.2 IDP strategic objectives

The City's development priority and objectives

IDP Development priority	IDP Development objective
Institutional development and transformation	• To build strong sustainable governance and institutional structures and arrangements • To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government
Infrastructure and sustainable services	• To strengthen the delivery of basic services and ensure sustainable integrated human settlement supported by infrastructure development
Rural Development	• To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development • To formulate a broad over-arching human capital and community development
Economic development	• To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management
Financial management and viability	• To ensure legally sound financial viability and management
Human capital and community development	• To formulate a broad over-arching human capital and community development
2010 Legacy and Flagship projects concept	• To initiate a strong and sustainable local/regional economic development potential and sustainable environmental management • To strengthen the delivery of basic services and ensure sustained integrated human settlement supported by infrastructure development • To formulate a broad over-arching human capital and community development • To build strong sustainable governance and institutional structures and arrangements • To redefine strategic macro leadership and coordination structures involving the local, district, provincial and national government

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In order to ensure integrated and focused service delivery between all spheres of government it was important for the City to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the seven strategic objectives:

Alignment of City of Mbombela's IDP priorities with National, Provincial and District Priorities

MILLENNIUM DEVELOPMENT GOALS	**IDP PRIORITIES- MUNICIPAL RESPONSE**
Develop a Global Partnership for Development	➢ 2010 legacy and flagship projects ➢ Human capital and community development
Eradicate extreme poverty and hunger	➢ Infrastructure & sustainable services ➢ Human capital and community development ➢ Economic development ➢ Rural development
Combat HIV/AIDS, malaria and other diseases	➢ Human capital and community development ➢ 2010 legacy and flagship projects ➢ Economic development
Ensure environmental sustainability	➢ 2010 legacy and flagship projects
Promote gender equality and empower women	➢ Human capital and social development ➢ 2010 legacy and flagship projects
NATIONAL PRIORITIES	**IDP PRIORITIES- MUNICIPAL RESPONSE**
Corruption	➢ 2010 legacy and flagship projects
Education	➢ Human capital and community development
Health	➢ 2010 legacy and flagship projects
The fight against crime	➢ 2010 legacy and flagship projects ➢ Rural development
Creation of decent work & sustainable livelihoods	➢ Economic development ➢ Infrastructure & sustainable services ➢ 2010 legacy and flagship projects ➢ Rural development
Rural development, food security & land reform	➢ Economic development ➢ Infrastructure & sustainable services ➢ Human capital and community development ➢ Rural development

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PROVINCIAL PRIORITIES	IDP PRIORITIES- MUNICIPAL RESPONSE
Agriculture	➢ Human capital and community development ➢ Economic development ➢ Rural development
Skills	➢ Human capital and community development ➢ Institutional development & transformation ➢ Infrastructure & sustainable services
Economic growth & job creation	➢ Economic development ➢ 2010 legacy and flagship projects ➢ Rural development
Strategic infrastructure	➢ 2010 legacy and flagship projects ➢ Infrastructure & sustainable services
Tourism, Environment & Cultural Heritage	➢ Human capital & community development ➢ Flagship projects ➢
Social cohesion	➢ Human capital and community development ➢ 2010 legacy and flagship projects
DISTRICT PRIORITIES	**IDP PRIORITIES- MUNICIPAL RESPONSE**
Basic service and infrastructure development	➢ Infrastructure & sustainable services
Local economic development	➢ Economic development ➢ 2010 legacy and flagship projects
Institutional transformation and development	➢ Institutional development and transformation ➢ 2010 legacy and flagship projects
Financial viability and management	➢ 2010 legacy and flagship projects ➢ Financial management and viability
Public participation and good governance	➢ Institutional development and transformation ➢ 2010 legacy and flagship projects
Traditional leaders	➢ Human capital and community development ➢ 2010 legacy and flagship projects

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the City.
The five-year programme responds to the development challenges and opportunities faced by the City by identifying the key performance areas to achieve the seven strategic objectives mentioned above.

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In addition to the five-year IDP, the City undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the City so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the City's IDP, associated sectoral plans and strategies, and the allocation of resources of the City and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

(a) To initiate a strong and sustainable Local/Regional Economic Development Potential and Sustainable Environmental Management
(b) To Strengthen the Delivery of Basic Services and ensure Sustained Integrated Human Settlement supported by Infrastructure Development
(c) To formulate a Broad Over-arching Human Capital and Community Development
(d) To build strong sustainable governance and institutional structures and arrangements
(e) To ensure legally sound financial viability and management
(f) To redefine strategic macro leadership and coordination structures involving the Local, District, Provincial and National Government

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the revision of the IDP, including:

(a) There was one standardized template used to collect information, where the communities identified their priorities, detailed problem statement and the specific section / village;
(b) During the consultation, communities were given an opportunity to identify key priority needs and suggest solutions;
(c) Diverse developmental needs in areas within each ward were noted during the Analysis phase
(d) Poor attendance in some wards during the consultation meetings has negative effects;
(e) Consultation with communities for their needs is not the analysis of needs; analysis requires further research, evaluation and a decision making process;
(f) Communities should be provided with maps of their areas during consultation process to assist the City in mapping social needs;
(g) Government departments and parastatals are not attending IDP meetings even though they are invited;
(h) Upon the approval of the IDP and Budget, each ward should receive information of all projects/ programs across the three spheres of government and other stakeholders that will be implemented in their respective wards;
(i) There is a need for an organized consultation process with sector departments from both the City and district perspective.

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The 2018/2019 – 2020/2021 draft budget and MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

MP326 City of Mbombela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Energy				–	–	–	948,153	948,153	948,153	926,317	976,338	1,030,037
Water And Sanitation				–	–	–	126,439	128,439	128,439	123,998	130,694	137,882
Public Safety				–	–	–	223,744	203,834	203,834	206,970	218,147	230,145
Public Works, Roads And Transport				–	–	–	65,310	65,310	65,310	68,022	71,354	75,741
Community Services				–	–	–	130,693	122,693	122,693	118,312	116,016	122,397
Regional Centre Coordination				–	–	–	–	–	–	–	–	–
Legal Services				–	–	–	–	–	–	–	–	–
Financial Management				–	–	–	1,216,251	1,213,820	1,213,820	1,308,128	1,414,047	1,540,033
Strategic Management Services				–	–	–	–	–	–	–	–	–
Corporate Services Department				–	–	–	859	859	859	598	631	665
City Planning And Development Department				–	–	–	13,896	13,896	13,896	7,591	8,001	8,441
Municipal Manager				–	–	–	7,468	7,468	7,468	4,223	4,451	4,696
Office Of Council				–	–	–	1,256	1,256	1,256	594	626	660
Council				–	–	–	10	10	10	5	6	6
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	–	–	–	2,734,077	2,705,736	2,705,736	2,764,759	2,940,311	3,150,703

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MP326 City of Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Energy				–	–	–	741 140	801 703	801 703	902 004	962 863	1 030 816
Water And Sanitation				–	–	–	310 144	368 107	368 107	348 199	366 939	386 591
Public Safety				–	–	–	269 923	278 427	278 427	332 661	336 361	376 273
Public Works, Roads And Transport				–	–	–	300 987	308 120	308 120	439 909	438 051	454 395
Community Services				–	–	–	388 849	422 120	422 120	466 096	488 529	515 750
Regional Centre Coordination				–	–	–	7 527	14 438	14 438	19 562	19 539	20 571
Legal Services				–	–	–	2 399	3 643	3 643	2 071	2 183	2 309
Financial Management				–	–	–	220 205	260 710	260 710	262 620	272 197	289 512
Strategic Management Services				–	–	–	28 166	31 418	31 418	39 130	41 298	43 862
Corporate Services Department				–	–	–	146 999	191 220	191 220	109 645	115 994	121 608
City Planning And Development Department				–	–	–	84 673	93 751	93 751	122 149	128 130	131 048
Municipal Manager				–	–	–	95 764	106 626	106 626	115 636	118 348	125 231
Office Of Council				–	–	–	22 934	21 891	21 891	28 414	27 895	29 894
Council				–	–	–	63 150	62 448	62 448	69 965	71 669	75 937
Allocations to other priorities												
Total Expenditure			1	–	–	–	2 682 858	2 964 622	2 964 622	3 258 060	3 389 997	3 603 798

MP326 City of Mbombela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Energy				–	–	–	37,267	37,595	37,595	15,000	15,428	16,431
Water And Sanitation				–	–	–	117,162	117,360	117,360	133,435	149,366	137,417
Public Safety				–	–	–	3,821	3,120	3,120	–	–	–
Public Works, Roads And Transport				–	–	–	367,459	356,990	356,990	392,622	435,922	461,922
Community Services				–		–	9,320	7,439	7,439	1,000	–	–
Regional Centre Coordination				–		–	1,000	1,040	1,040	–	–	–
Financial Management				–			4,950	27,888	27,888	1,490	1,000	1,000
Strategic Management Services				–	–	–	965	400	400	–	–	–
Corporate Services Department				–	–	–	6,700	7,853	7,853	–	–	–
City Planning And Development Department				–	–	–	48,143	44,887	44,887	46,140	21,620	49,000
Municipal Manager				–	–	–	10,347	8,406	8,406	–	–	–
Allocations to other priorities			3									
Total Capital Expenditure			1	–	–	–	607,134	612,979	612,979	589,687	623,335	665,770

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2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the City has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The City targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

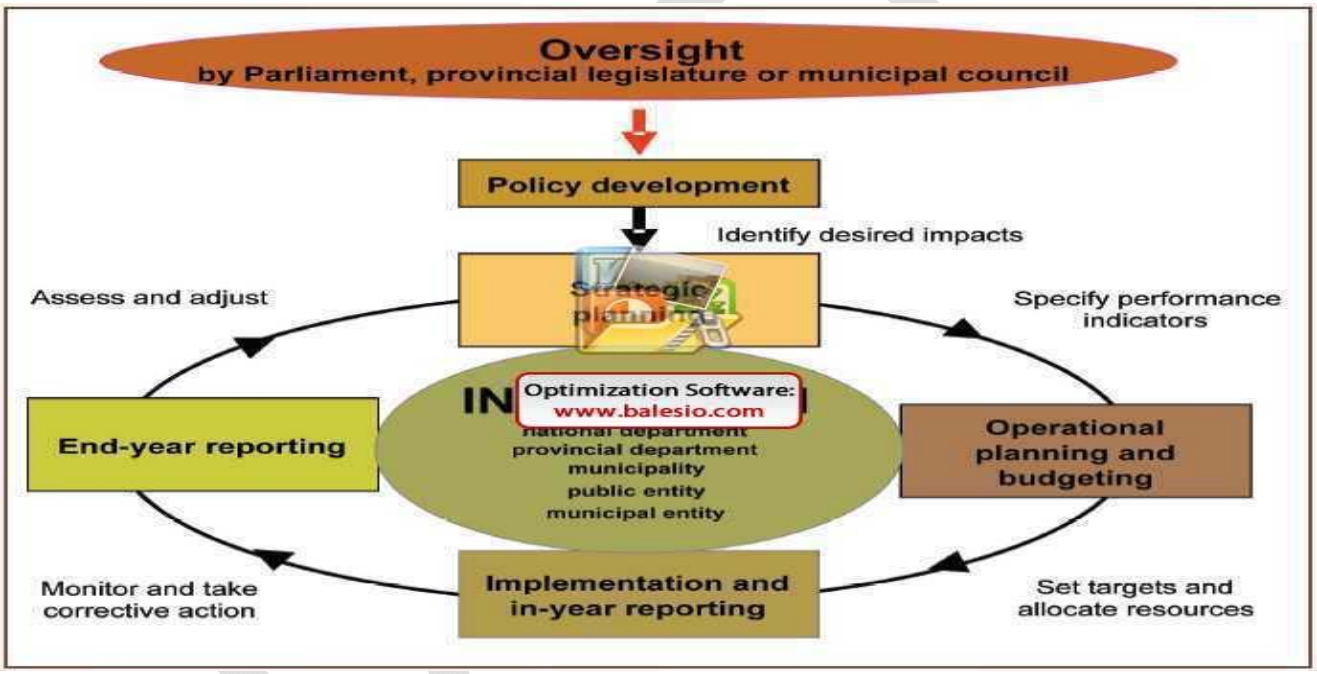

Figure 1 Planning, budgeting and reporting cycle

The performance of the City relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The City therefore has adopted one integrated performance management system which encompasses:

(a) Planning (setting goals, objectives, targets and benchmarks);
(b) Monitoring (regular monitoring and checking on the progress against plan);
(c) Measurement (indicators of success);
(d) Review (identifying areas requiring change and improvement);

(e) Reporting (what information, to whom, from whom, how often and for what purpose); and
(f) Improvement (making changes where necessary).

The performance information concepts used by the City in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury.

The following table sets out the City's main performance objectives and benchmarks for the 2018/2019 MTREF.

MP326 City of Mbombela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	1.7%	1.4%	1.4%	1.9%	2.1%	2.0%	1.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	0.0%	2.3%	2.0%	2.0%	1.5%	3.3%	3.1%	2.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	–	–	0.3	1.2	0.9	0.9	0.9	0.9	1.0	1.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	0.3	1.2	0.9	0.9	0.9	0.9	1.0	1.0
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	0.0	0.4	0.2	0.2	0.2	0.2	0.2	0.2
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	0.0%	117.8%	93.6%	93.6%	93.6%	98.1%	97.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	0.0%	97.7%	97.0%	97.0%	97.0%	90.0%	90.0%	90.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	12.0%	12.6%	12.6%	13.5%	14.0%	14.2%	14.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	%of Creditors Paid Within Terms (within'MFMA' s 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	5299.0%	180.6%	335.5%	335.5%	335.5%	491.1%	520.9%	525.2%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)				60934016.24	60934016.24	60934016.24	60934016.24	54840614.61	49356553.15	44420897.84
	Total Cost of Losses (Rand '000)				39,485	39,485	39,485	39,485	35,537	31,983	28,785
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)				855721.62	855721.62	855721.62	855721.62	770149.458	693134.5122	623821.061
	% Volume (units purchased and generated less units sold)/units purchased and generated				3,380	3,380	3,380	3,380	3,042	2,738	2,464
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	26.8%	28.0%	28.0%	23.2%	31.6%	31.4%	31.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	28.2%	29.5%	29.5%		33.1%	32.9%	32.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.8%	0.5%	0.5%		0.6%	0.6%	0.6%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	10.5%	19.8%	19.8%	0.3%	21.0%	20.6%	19.8%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	–	71.9	71.9	71.9	34.2	33.7	41.9	44.5
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	0.0%	19.0%	19.9%	19.9%	20.0%	22.0%	22.5%	22.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	–	(67.8)	1.1	0.8	0.8	1.3	0.6	0.5	0.5

Optimization Software:
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2.3.1 Financial performance indicators and benchmarks

(a) Borrowing management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a City to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, City of Mbombela borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the City's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2018/2019 MTREF.

Borrowing to asset ratio is a measure of the long-term borrowing as a percentage of the total asset base of the City. It can be noted that the borrowing asset ratio of City of Mbombela is stable for the medium term.

Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure. It can be seen that the cost of borrowing is zero decreased significantly due to the fact that there's no borrowing anticipated to fund the 2018/2019 capital expenditure.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the City. In particular, the continued ability of the City to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs. As part of the compilation of the 2018/2019 MTREF the potential of smoothing out the debt profile over the longer term will be investigated.

(b) Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the City's assets. The indicator is based on the total of loans, creditors, and overdraft and tax provisions as a percentage of funds and reserves.

(c) Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the City has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018/2019 the MTREF the current ratio is 0,9 in the 2019/2020 financial year it will be 1,0 and 1,0 for 2020/2021 Going forward it will be necessary to maintain these levels or even more.

The liquidity ratio is a measure of the ability of the City to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the City should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2017/2018 financial year the ratio was 0,2 and as part of the financial planning strategy it will remain the same throughout the medium term due to the cash flow situation. This needs to be considered a pertinent risk for the City as any under collection of revenue will translate into serious financial challenges for the City. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

(d) Revenue Management

As part of the financial sustainability strategy, the City will revise its revenue enhancement strategy and theme of the strategy is, “let us make revenue management everyone’s business in the City” we believe that through the aggressive implementation of the strategy framework, the financial stability in the short-term and sustainability in the long-term will be achieved. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

(e) Creditors Management

The City has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the City has managed to ensure a 95 per cent compliance rate to this legislative obligation. This will have at least a favourable impact on suppliers’ perceptions of risk of doing business with the City, which is expected to benefit the City in the form of more competitive pricing of tenders, as suppliers compete for the City’s business.

2.3.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the City. With the exception of water, only registered indigents qualify for the free basic services.

For the 2018/2019 financial year 9 953 registered indigents will be provided for in the budget. In terms of the City’s indigent policy registered households are entitled to 6kℓ fee water, 50 kwh of electricity, 6 kℓ sanitation and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table A10 (Basic Service Delivery Measurement) .

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

2.3.3 Providing clean water and managing waste water

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

Minimum Green Drop certification standards. This has been prioritised as part of the 2018/2019 medium term capital budget.

The following is briefly the main challenges facing the City in this regard:

(a) The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
(b) Shortage of skilled personnel makes proper operations and maintenance difficult;
(c) Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
(d) There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

(a) Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
(b) The filling of vacancies has commenced and the Waste Water Division will embark on an in-house training program, especially for operational personnel;
(c) The Electricity Division is to install dedicated power supply lines to the plants; and
(d) The Division is working in consultation with the Department of Water Affairs to address catchment management.
(e) Updating the infrastructure plan of the City.

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OVERVIEW OF BUDGET RELATED-POLICIES

As required by law, the budgeting process is guided and governed by relevant legislations, framework and policies, all the budget related policies must be reviewed annually. Any amendments, additions or deletions have been tabled to Council on the 29 March 2018 as draft policies.

The City has tabled the following Budget Related policies for the financial year 2018/2019;

2.4.1 Virement policy

This is a policy that is developed to manage the shifting of funds within and between departments during a financial year. Its main objective is to give guidance to all relevant stakeholders on how to shift and manage funds within their budgets as per approved delegation of powers.

The Municipal Budget and Reporting Regulations (No 3241), Circular 51 and 89 issued by National Treasury serve as guidelines in the implementation of this policy to enable the tracking and reporting of the shifting of funds.

Clause 4.1.4 has been added to read as follows;

All 6 MSCOA segments must be considered when making a Virement especially on the function and the funding source in order to track the reporting of funding shifts

2.4.2 Budget policy

The budget policy deals mainly with all budget related matters. The objective of the budget policy is to set out the principles which the City will follow in preparing each medium term revenue and expenditure framework budget, to outline the responsibilities of the executive mayor, the accounting officer, the chief financial officer and other senior managers in compiling the budget and to establish and maintain procedures to ensure adherence City of Mbombela's IDP review and budget processes.

The following amendments has been added to read as follows;

Clause 8 (c) has been added to read as follows:

Both internal funded and conditional grants unspent grants will be presented before council on the 25 August each year however only the internal funded projects will be loaded into the financial system.

Clause 8 (d) has been added to read as follows:

Uploading of the conditional grants projects into the financial system will be actioned after the outcome of the application from National Treasury for the conditional grants and report to council during the next adjustments budget by 28 February each year.

2.4.3 Credit control and debt collection policy and by-laws

The policy is required in terms of chapter 9 of the Municipal Systems Act (MSA) no 32 of 2000 (s 95, 96, 97 and 98). A policy must be developed in order to provide for a mechanism on which credit

control and debt collection measures will be effected. The guidelines required by the Act in terms of s 97(1)(a) – (i) is clearly indicated in the policy.

Section 98 of the MSA further requires that Council must adopt by laws to give effect to the policy, its implementation and enforcement.

The objectives of the policy are to;

(a) Provide a framework within the municipal council can exercise its executive and legislative authority with regard to credit control and debt collection.

(b) Ensure that all monies due and payable to the municipality are collected and used to deliver municipal services in the best interests of the community, residents and ratepayers and in a financially sustainable manner.

(c) Outline the procedures that will ensure that the members of the local community is afforded the opportunity to contribute in the decision making processes of the municipality and that they are informed of the decisions and affairs of the municipality.

(d) Outline credit control and debt collection policy procedures and mechanisms.

No proposed amendments.

2.4.4 Economic investment and promotion policy

The main objective of the policy is to provide a framework for the uniform development of incentives in City of Mbombela that will assist to:

(a) Attract investment.
(b) Return existing investment.
(c) Stimulate and create job opportunities.
(d) Support investment into IDP projects.

As per deliberations, it was agreed that proper enforcement of this policy will have positive and beneficial impact to the City. The proposed types of incentives were also look at it was then agreed that a phase in approach as per the provisions Municipal Property Rates Act No 6 of 2004. These provisions are outlined in the City of Mbombela Property Rates by Law in terms of section 9.4.1(b).

2.4.5 Investment policy

This policy gives effect to the requirements as set out on s 13(2) of the Municipal Finance Management Act no 56 of 2003 and the Municipal Investment Regulations (Gazette 2743) of April 2005. All investment related practices are guided by the implementation of this policy. It clearly outlines the roles and responsibilities of all role players in the management of the cash resources, deliberations will be during the workshop proposal for amendments will form part of the final budget.

No proposed amendments.

2.4.6 Funding and reserves policy

The policy is required in terms of Section 8 of the Local Government: Municipal Budget and Reporting Regulations which is in accordance with Section 17 and 168 of the Municipal Finance Management Act No. 56 of 2003.

The policy sets out the assumptions and methodology for estimating the following:

(a) Projected billings, collections and all direct revenues.
(b) Provision for revenue that will not be collected.
(c) Funds that the municipality can expect from investments.
(d) Proceeds the municipality can expect to receive from the transfer or disposal of assets.
(e) Council's borrowing requirements.
(f) Funds to be set aside in reserves.

No proposed amendments.

2.4.7 Indigent policy

The Department of Cooperative Governance and Traditional Authorities has issued a guideline on formulation of Indigent Policy. This guideline has been used in developing the Indigent Policy for City of Mbombela the policy was rationalized to accommodate former Umjindi and approved for implementation in terms item A(2) of 28 February 2017.

The objectives of the policy will be to ensure the following:

(a) The provision of basic services to the community in a sustainable manner within the financial and administrative capacity of Council;
(b) The financial sustainability of free basic services through the determination of appropriate tariffs that contribute to such sustainability through cross subsidisation
(c) Establishment of a framework for the identification and management of indigent households including a socio –economic analysis and indigent exit strategy;
(d) The provision of procedures and guidelines for the subsidisation of basic charges and the provision of free basic energy to indigent households
(e) To enhance the institutional and financial capacity of the municipality to implement the policy

Clause 4.1.3 has been amended to read as follows;
For a household to qualify as an indigent, a household should comply with the following requirements:

a. The applicant must be a resident of the municipality.

b. The applicant must be a bonafide South African citizen, with valid identification document.

c. If the applicant is not a South African citizen, they must have appropriate and recognized refugee status (proof to be provided).

d. The total household income of all occupants or dependents in a household should not exceed two (2) combined old age state pensions grant as approved by the Minister of Finance in the year preceding the application.

e. The applicant must be the owner or occupant who receives municipal services and / or is registered as an account holder on the municipal financial system or ESKOM where municipal billing services are not provided.

f Applicant must submit proof that they cannot afford to pay for municipal services and attach the necessary documentation, e.g. Affidavit, Unemployment Insurance Fund card, bank statement and proof of income.

g. Child headed households (proof must be provided).

h. All households applying for Free Basic Electricity must have an electricity connection.

i. The indigent relief apply to the household and not individuals.

2.4.8 Subsistence and Travelling policy

The policy has been developed in terms of the Basic Conditions of Employment Act No 75 of 1997 Section 34(5)(a):
No proposed amendments.

2.4.9 Supply chain management policy

The following amendments have been proposed on the SCM policy. These are due to the developments and guidelines issued by National Treasury.

Clause 12 (2)

The following amendments have been proposed on the SCM policy. These are due to the developments and guidelines issued by National Treasury.

Clause 12 (2)

(a) The procurement of goods or services may not deliberately be split into parts or items of lesser value merely to avoid complying with the requirements of this policy, unless the split is prior approved by the Municipal Manager for the purpose of allowing small or emerging local businesses to participate on the procurement processes of the municipality in accordance with the local economic development strategy, emerging contractors incubation Programme and the implementation of regulation (4) and (9) of the Preferential Procurement Policy Framework Regulations of 2017 where EME and QSE are targeted for empowerment.

(b) The splitting indicated in (a) shall be approved by the Municipal Manager prior to the procurement of goods and services.

(c) Poor planning shall not be accepted as a reason for the motivation of the splitting of a program or a project.

(d) In cases whereby, a split has been approved by the Municipal Manager, qualifying enterprises 51% owned by different individuals will be accepted in the order of preferences

(i) Qualifying small enterprises 51% owned and controlled by the local individuals residing in specific ward/region where the services is required.
(ii) Qualifying small enterprises residing in a specific ward where the services are required,
(iii) Qualifying small enterprises residing to a specific region where the services are required

(e) The maximum threshold per split is below R 30 000 per company and the maximum threshold per project is less than R 200 000 VAT inclusive.
(f) The approval for a split as indicated in section 2 (a) shall not be interpreted as a permission granted to deviate from normal bidding processes.

(g) When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

Procedures and processes to be followed for a break down procurement.

(a) An internal memorandum shall be generated by the requesting Department motivating for the break down procurement.
(b) The designated group e.g. Youth, Women, Disabled and Military Veterans residing in the ward or region where the services is required will be identified by the requesting Department for the purposes of empowerment.
(c) The motivation must reach the municipal manager for approval at least thirty (30) working days before the actual date of the event or program.
(d) The procurement of the goods or services including the sourcing of quotations shall only be the responsibility of the Supply Chain Management Office.
(e) Competition will only be limited to the identified designated group.
(f) The principle of Value for Money will be uphold when sourcing for the goods and services, and for that reason the municipality's approved Sourcing Strategy shall be used as a guideline.
(g) Companies engaging in collusive bidding will be disqualified for further participation in the procurement processes of the City of Mbombela.

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Clause 13.1

13.1 In order to comply with the requirement as indicated in section 13 above, the following procedures and processes will be followed,

(a) A Central Suppliers Database report will be downloaded by the Supply Chain Management Practitioners from the system to verify compliance with section 13 (a-c).

(b) The report indicated in section 13.1(a) above shall not be more than ten (10) days prior to the sourcing of the quotations.

(c) All quotations must be accompanied by a fully completed forms MBD 4 and if municipality is in possession of the recent (within the same financial year) fully completed MBD4 Form, such form shall not be requested from the service provider.

Clause 20 (a)(ii), (iii) and (iv)

(ii) Suppliers will at their own costs download the document from the National Treasury Central Suppliers Database tender e-portal system in the prescribed format determined by the Bid Specification Committee and approved by the Municipal Manager or delegated official.

(iii) The functionality evaluation criteria shall apply consistently for all categories or classes of construction works, including non-construction related bids for goods or services as approved by the Municipal Manager. Where functionality is used as criteria to evaluate bids, a minimum of two officials with the relevant expertise and knowledge of the subject matter will be required to do technical evaluations.

(iv) Section 20 (a)(iii) above will not be applicable in cases whereby the awarding of functionality points is not subjective, especially in cases whereby a checklist format is utilized to score points for functionality. e.g. in situations whereby a bidder has been requested to attached evidential proof to claim points.

Clause 20 (c)

(c) Two officials from Supply Chain Management Unit shall be responsible for collecting of the bids from tender box and opening of the bids in public and where practical the prices of bids received will be announced, including the name of the bidder and the B-BBEE status of the bidder. All bids will be opened at 11h00 on the prescribed date and the clock as demonstrated on

the municipal wall will be utilized for that purpose. The municipality will endeavor where practical to keep the clock accurate at all times.

Clause 22 (1) (b)

(b) the closing date for the submission of bids may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long-term nature, or 14 days in any other case, from the date on which the advertisement.

All projects awarded on rates bases shall be capped below the threshold on (ten) R 10 million on the initial contract amount, unless such bid was advertised for a period of not less than 30 days.

Clause 24 (1) (c)

(c) does not lead to a higher price than the bid as submitted provided the rates have been adjusted by the municipal manager or delegated committee to comply with legislative requirements or to standardize prices/ rates for various service providers appointed for the same scope of works.

Clause 28 (3)

(3) in relation to section 28(1)(b)(d) above, any matter deferred by a specific bid evaluation committee must be concluded by that particular bid evaluation committee. In exceptional cases whereby, the project must be concluded by a different bid evaluation committee, the bid evaluation committee members must take into consideration, matters raised by the previous bid evaluation committee prior to making recommendations to the bid adjudication committee.

Clause 29 (2), (4)

(2) A bid adjudication committee shall comprise of all General Managers and Deputy Municipal Manager of the municipality which must include

(4) The quorum of the bid adjudication committee meeting will be formed by six (6) members and the Chairperson (six plus one member)

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Clause 30 (4)

(4) All Constructions related bids which have been cancelled by the municipality will have a cooling period of not more than six months subjected to the provisions of CIDB inform practice note 19 issued in 2009.

Clause 33 (6)

(6) Similarly, all requests from various organs of State requesting the municipality to invoke the Supply Chain Management Regulations 32, will be tabled before the Bid Adjudication Committee for noting and record keeping purposes.

Clause 36

Appointment of consultants

(1) The Municipal Manager may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.

(2) A contract for the provision of consultancy services to a municipality or must be procured through competitive bids if –

(a) the value of the contract exceeds R200 000 (VAT included); or

(b) the duration period of the contract exceeds one year.

(3) In addition to any requirements prescribed by these Regulations for competitive bids, bidders must furnish the municipality or municipal entity with particulars of –

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(a) all consultancy services provided to an organ of state in the last five years; and

(b) any similar consultancy services provided to an organ of state in the last five years.

(4) The Municipal Manager may establish a database of professional consultants following a competitive bidding process and the use of the professional consultants must be on a rotational basis. All consultants must be appointed on rates basis.

(5) The database referred to in Section (4) above must be valid and utilized for a period of three years.

(6) The municipality must ensure that copyright in any documents produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

Clause 45 (3)

(3) The municipality have an obligation of paying all the service providers who tax matters become non-compliant on the CSD after an official purchase order has been issued by the municipality and the services has been rendered.

Clause 52 (2), (3) and (4)

2. The municipality will implement the empowerment initiatives in three folds, namely:

(a) Pre-qualification of EME's, QSE and designated group.

(b) Mandatory sub-contracting

(c) Mandatory increase of the procurement threshold from of 80/20 from R1 Million to R 50 Million.

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(d) Financial Empowerment through direct payments and or cession agreements. 30% direct payments or cession agreements to all designated group, EME's and QSE's

(e) Implementation of an early payment initiative- less than 30 days' payment scheme for EME's, QSE and other designated group.

3. The municipality will develop a strategy on how the empowerment initiative will be implement.

4. The strategy will form part of the SCM procedures and processes once approved by the municipal manager.

Clause 53

53 VARIATION ORDERS

1. Variation orders will be approved in line with guidelines provided by the National Treasury. A variation order of not exceeding 15% of the total project can be approved for all projects relating to the supply of goods and services. A variation order of not exceeding 20% of the total project cost will be recommended for construction related projects.
2. Variation orders can only be approved on the following grounds:

(a) The nature of the works or services are similar in nature
(b) The variation does not exceed the threshold R 200 000.00 and in cases whereby bids were advertised for a period of seven (7) days and R 10 Million in cases whereby the bids were advertised for 14 days.

3. All variation orders will be approved as per the system of delegated powers and authority as approved by the municipality.
4. No variation order will be accepted on contract secured in terms of regulation 32 of the SCM regulations

Clause 54

54 APPROVALS OF DIRECT PAYMENT OF CESSION

1. The municipality will approve direct payments and cession to small business as part of empowerment to EME and QSE.
2. The municipality will approve 30% of the total project cost.
3. Direct payment above 30% will only be approved by the Municipal Manager on condition that the BBBEE level of the requesting company is equal or higher than ceding enterprise.
4. All variation orders will be approved as per the system of delegated powers and authority as approved by the municipality.

2.4.10 Supplier performance monitoring policy

The objective of the policy is as follows:

(a) ensure a high quality of service is maintained,

(b) detect underperformance early, thereby reducing the risks to projects failures,

(c) Create mechanisms to improve performance where targets are not being achieved,

(d) Provide data to municipal officials so that informed decisions can be made

(e) Assist in government's developmental objectives in the form of structuring appropriate business support strategies/interventions to targeted enterprises

(f) Assess the suitability of a service provider for pre-qualification, selective tender lists or expressions of interest

No proposed amendments

2.4.11 Contract management policy

This policy is linked to the supplier performance monitoring policy. It has been developed in terms of section 116(2) of the MFMA. The lack of proper contract management or consistent application of contract management necessitated the development of this policy

A dedicated unit in the SCM sub directorate with the assistance of the Legal Services within Council will be the key custodians of the policy. The Project Managers and user departments will in terms of the policy be accountable for the specific project whilst it is underway and will work closely with the Contract Management unit to ensure compliance to the policy.
No proposed amendments

2.4.12 Property rates policy and by law

The Municipal Property Rates Act no 6 of 2004 provides a framework to which municipalities must comply when imposing rates on properties. S 62 of the MFMA requires that the accounting officer must ensure that the City has and implements a rates policy embodied in a bylaw as per s 6 of the MPRA.

In the implementation of the above property rates by law that was gazetted on 21 July 2010 as provincial gazette no 1841. As required the following changes were made:

The Property Rates Policy and By- Law for the two former municipalities was based on two different Valuation Rolls.

The Property Rates Policies and By – Laws from the former two municipalities will exist concurrently until a new general valuation roll is compiled and implemented with effect from 1 July 2018 for the City of Mbombela.

The Property Rates rebate structure as per table below is currently being implemented for the City of Mbombela as outlined in the different regions or parts thereof.

ITEM	FORMER UM 2017-2018	FORMER MLM 2017-2018	CITY OF MBOMBELA 2018-2019
GENERAL RATE	0.010108	0.009516	0.009326
RATES RATIOS			
- RESIDENTIAL	1: 1	1: 1	1: 1
- BUSINESS	1: 2	1: 2.5	1: 2.2
- INDUSTRIAL	1: 2	1: 2.5	1: 2.2
- AGRICULTURAL	1: 0.25	1: 0.25	1: 0.25
- STATE/GOVERNMENT	1: 1	1: 3	1: 2.5
- PUBLIC SERVICE INFRUSTRUCTURE	1: 0.25	1: 0.25	1: 0.25
- PUBLIC BENEFIT ORGANISATION	1: 0.25	1: 0.25	1: 0.25
- MINING	1: 2	-	1: 2.2
- OTHER	-	1 : 1.5	1 : 1.5
VALUATION REDUCTION			
- RESIDENTIAL PROPERTY	R 50 000	R 80 000	R 100 000
STANDARD REBATES			
- RESIDENTIAL PROPERTY	-	30%	30%
- BUSINESS PROPERTY	-	28%	28%
- INDUSTRIAL PROPERTY	-	28%	28%
- OTHER PROPERTY	-	10%	10%

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Due to the anticipated implementation of the latest general valuation roll, the general rate decrease (cent amount in a rand) by an average of 4% when compared to the current rate.

The ratios on Business and Commercial, Industrial and state/ government category have been adjusted accordingly.

2.4.13 Tariff policy and by law

Section 74 of the Municipal Systems Act no 32 of 2000, provides a framework on the formulation of a tariff policy. This policy together with the by law adopted in terms of Section 75 are part of the budget related policies that must be reviewed annually.

The objective of the tariff policy is to ensure that:

(a) The tariffs approved during the Budget process by council to fund services must be consistent with this policy.
(b) The municipal services are financially sustainable, affordable and equitable.
(c) The needs of the poor households are taken into consideration.
(d) There is consistency in how tariffs are applied throughout the municipality

No proposed amendments

2.4.14 Asset management policy

The safeguarding and maintenance of assets, valuation in accordance with GRAP, maintaining a system of internal control and keeping an asset register are key elements of the Asset Management Framework. In order to ensure above is done in a consistent and legally compliant manner, a policy directive needs to be adopted. The Asset Management Policy provides direction for the management, accounting and control of Fixed Assets owned or controlled by the Council

No proposed amendments

2.4.15 Insurance policy

The main objective of the insurance policy is to:

(a) Create awareness to all employees of the risks associated with all insurable interests
(b) Ensure reasonable steps are taken to mitigate and minimise all risks
(c) Identify all potential risks and enforce risk control measures
(d) Minimise losses by ensuring proper management control housekeeping and maintenance of assets.

No proposed amendments

2.4.16 Deposit and refunds policy

The policy deals with issues of consumer deposits and refunds has been developed.

The refunds include monies paid into the municipal bank account which must be for acceptable reasons be refunded.

No proposed amendments

2.4.17 Proof of residence policy

The policy will guide the operations in the issue of “Proof of Residence” has been developed. This policy will be applicable for formalised and non-formalised areas within the jurisdiction of City of Mbombela.

No proposed amendments

2.4.18 Liquidity Policy

The objective of the policy is to ensure liquidity management in so far as maintaining sufficient liquidity intensities to meet the liabilities when due under both normal and stressed conditions without incurring any prohibited expenditure.

No proposed amendments

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2.4 OVERVIEW OF BUDGET ASSUMPTIONS

2.5.1 External factors

Unemployment remains very high at 26,7 percent and escalating according to the latest unemployment statistics released by Statistics South Africa. Economic Growth has remained stagnant at less than 2percent.

According the 2018 National Budget and other sources, the Consumer Price Index (CPI) is projected to be within the upper limits of South African Reserve Bank CPI of 3 – 6 percent band in 2018/2019 financial year. The table below depicts the CPI and economic growth measured in real Gross Domestic Product (GDP) movement over the five (5) period until 2022/2023 financial year;

The forecasted headline inflation for medium-term will be as follows;

Description	Estimate						
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Economic Outlook:							
Consumer Price Index (CPI) %	6.40%	5.30%	5.30%	5.40%	5.50%	5.50%	5.50%
Real Gross Domestic Product (GDP) %	1.0			1.80%	2.10%	2.20%	2.20%
Annualised Nominal Price Rate Increase %	**7.4**			**7.30%**	**7.72%**	**7.82%**	**7.82%**

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2.5.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions. The City engages in a number of financing arrangements to minimise its interest rate costs and risk. However, for simplicity the 2018/2019 MTREF no borrowings will be sourced.

2.5.4 Collection rate for revenue services

The estimated payment level trends for the current financial year and the forecast for the next medium-term is as follows;

2.5.5 Growth or decline in tax base of the City

Despite the global economy weaknesses and projected to be likely to remain so for at least a few more year, the South African economic growth outlook in 2016 to 2022 is expected to be as follows;

Headline inflation forecast over the medium-term;

Description	Estimate						
	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Economic Outlook:							
Consumer Price Index (CPI) %	6.40%	5.30%	5.30%	5.40%	5.50%	5.50%	5.50%
Real Gross Domestic Product (GDP) %	1.0			1.80%	2.10%	2.20%	2.20%
Annualised Nominal Price Rate Increase %	**7.4**			**7.30%**	**7.72%**	**7.82%**	**7.82%**

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2.5.6 Salary increases

The employee's remuneration cost will amount to R915 million in 2018/2019 financial year in the absence of the collective agreement 6,3 percent for employees related cost and 5,3 percent for remuneration of councilors. The remuneration cost to the total operating expenditure budget is 28 per cent. The employees remuneration cost will increase to R967 million in 2019/2020 financial year and the expenditure to the total operating budget will be 29 percent

2.5.7 Micro or internal environment perspective

Furthermore from macro environment perspective and the unfavourable economic conditions more of our people are unemployed which result in shrinking of the current revenue base, putting pressure on the current municipal revenue and cash flow over the medium-term over the slow economic growth trends reflect that a convergence of unfavourable global and domestic circumstances of which impact negatively on all spheres of government. The revenue base of the City is under pressure as no new revenues are derived at the moment due to the slow economic growth and local circumstances.

As a consequence of the distress economy, the City was advised by National Treasury to adopt a conservative approach when projecting the revenue and cash flow for the medium term due to unfavorable and unstable economic conditions and rising inflationary pressures, and the slow growth pace on global and national economy.

On the expenditure side - careful analysis and evaluation of the current spending patterns need to be conducted so that the allocation of funds in the next medium-term is in line with the key municipal priorities and non-priority spending is eliminated (austerity measures need to be implemented).

2.5.8 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

(a) Creating jobs;
(b) Enhancing education and skill development;

(c) Improving Health services;
(d) Rural development and agriculture; and
(e) Fighting crime and corruption.

To achieve this national priority, municipalities are urged to when drafting 2019/2020 budgets to continue explore opportunities to promote labour intensive approaches to delivering services, and more particularly to participate fully in the EPWP.

However, municipalities should not carelessly employ more people without any reference and consideration to the level of staffing required delivering effective services. Municipalities should focus on maximizing its contribution to job creation by;

i. Ensuring that service delivery and capital project use labour intensive methods wherever appropriate.
ii. Ensuring that service providers use labour intensive approaches.
iii. Supporting labour intensive Local Economic Development projects.
iv. Participating fully in the Expanded Public Works Programmes/National youth service plan.
v. Implementing interns programs to provide young people with on-the-job training.

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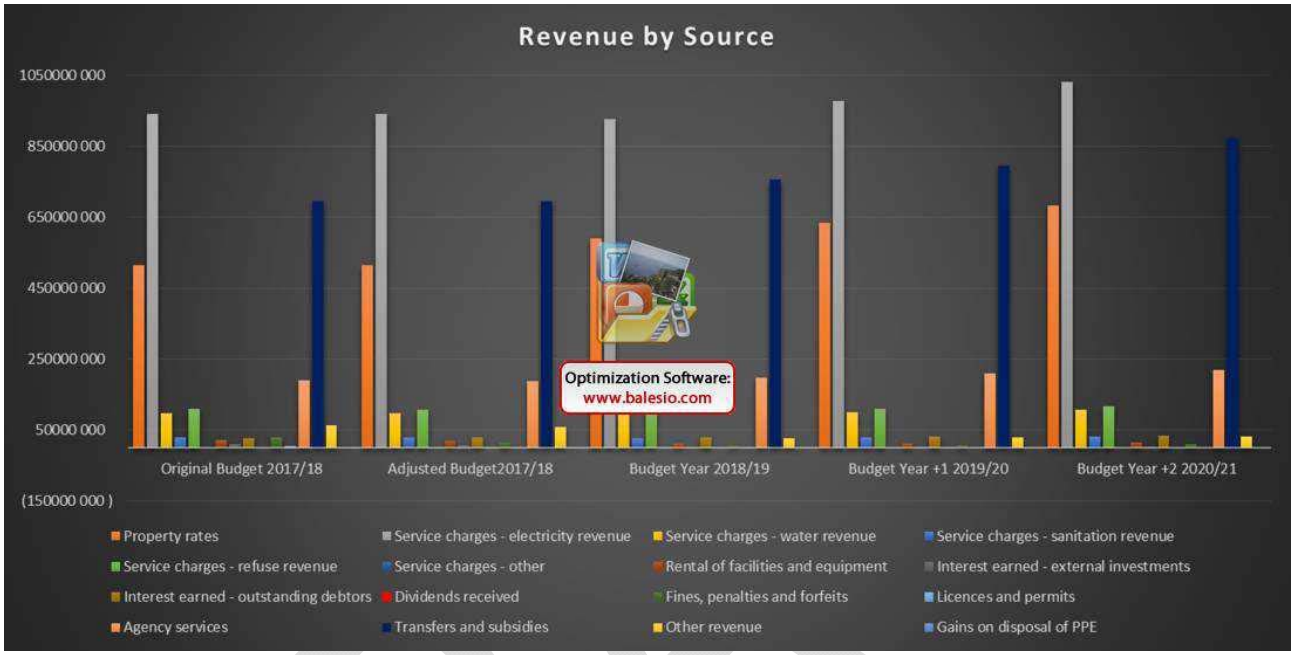
2.6 OVERVIEW OF BUDGET FUNDING

2.6.6 Medium-term outlook: operating revenue

The following graph is a breakdown of the operational revenue per revenue source for the 2018/2019 financial year;



Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, wage agreements with unions (Labour), input costs of services provided by the City, local economic conditions and the affordability of services taking into consideration the City's indigent policy were taken into consideration.

The percentage increases of both Eskom and SembCorp (Silulumanzi) Water bulk tariffs are far beyond the mentioned inflation target. Given that these tariff increases are determined by external agencies, the impact they have on the City's electricity and in these tariffs are largely outside the control of the City. Discounting the impact of these price increases in lower consumer tariffs will erode the City's future financial position and viability.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a City are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc.

The current challenge facing the City is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions.

The revenue strategy is a function of key components such as:

(a) Growth in the city and economic development;
(b) Revenue management and enhancement;
(c) Achievement of a 90 percent annual collection rate on revenue from rates and services charge;
(d) National Treasury guidelines;
(e) Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
(f) Achievement of full cost recovery of specific user charges;
(g) Determining tariff escalation rate by establishing/calculating revenue requirements;
(h) The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
(i) And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2018/2019 MTREF on the different revenue categories are;

Rates and Services Charges Tariffs Increase %:	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Property Rates	6,40%	5,30%	0,00%	5,40%	5,50%	5,50%	5,50%
Electricity	7,63%	2,12%	6,84%	5,40%	5,50%	5,50%	5,50%
Water	37,00%	6,83%	5,30%	5,40%	5,50%	5,50%	5,50%
Refuse Removal	7,46%	[illegible]	5,30%	5,40%	5,50%	5,50%	5,50%
Sewerage	-18,00%	[illegible]	5,30%	5,40%	5,50%	5,50%	5,50%
Concession Area - Water and Sanitation	11,82%	13,32%	7,43%	11,63%	9,18%	7,61%	7,43%
Average Increase - Non-Concession Area	**8,1**	[illegible]	**4,55%**	**5,40%**	**5,50%**	**5,50%**	**5,50%**
Average Increase - Concession Area	**8,3**	[illegible]	**4,89%**	**6,96%**	**6,42%**	**6,03%**	**5,98%**
Sundry charges tariffs and fees	12,00%	10,00%	5,30%	5,40%	5,50%	5,50%	5,50%

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2.6.7 Funding compliance measurement

National Treasury requires that the City assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the City. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

2.6.4 Funding Compliance measures

The cash and cash equivalents as reflected on table A7 indicates that the City will have a positive cash balance at the end of the financial year which is an indication of the minimum requirement as required by MFMA. The forecasted cash and cash equivalents for the Medium Term period is R121 million, R111 million and R113 million for each year respectively.

2.6.5 Cash and cash equivalent position

The City's forecast cash position was discussed as part of the budgeted cash flow statement. A "positive'' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the City's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2017/2018 MTREF shows R121 million, R111 million and R113 million for each respective financial year.

2.6.6 Cash plus investments less application of funds

The purpose of this measure is to understand how the City has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table A8. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

2.6.7 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the City be under financial setbacks/risk from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the City to meet monthly payments as and when they fall due. It is especially important to consider the position should the City be faced with an unexpected disaster that threatens revenue collection such as rate boycotts municipalities improving cash position causes the ratio to move upwards one month's cash coverage in the medium term, and then gradually move towards two months coverage. This measure will have to be carefully monitored going forward. For the 2018/2019 MTREF the indicative outcome shows that the City will be able to have cash for 0,6 months, 0,5 months in 2019/2020and increasing to 0,5 months in 2020/2021 which is below the norm of 1:3 in 2017/2018.

2.6.8 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the City's resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For 2019/2020 MTREF the indicative outcome is a surplus of R44 million, R45 million and R112 million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

2.6.9 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the City is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

2.6.10 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 90,4 per cent, 91,1 percent and 90,9 percent for each of the respective financial years. Given that the assumed collection rate is based on a 90 percent performance target, the cash flow statement has been conservatively determined.

2.6.11 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 9,3 percent in 2018/2019 decreased to 8,8 percent in 2019/2020 and 8,8 percent in 2020/2021.

2.6.12 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The City aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

2.6.13 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a City's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been be excluded. It can be seen that no borrowing planned for the medium term.

2.6.14 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The City has budgeted for all transfers.

2.6.15 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are two measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the City's policy of settling debtors' accounts within 30 days.

2.6.16 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because of a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected, for 2018/2019 repairs and maintenance showing a per cent of 3,5 percent and increasing to 5,1 percent in 2020/2021.

2.6.17 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorize each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarize and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

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2.7 BUDGET SUPPORTING TABLES

The 2018/2019 draft budget supporting tables are enlisted below;

MP326 City of Mbombela - Supporting Table SA1 Supportinging detail to 'Budgeted Financial Performance'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
REVENUE ITEMS:											
Property rates	6										
Total Property Rates				557,692	714,191	705,191	705,191	705,191	810,979	869,370	935,442
less Revenue Foregone (exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)		–	–	187,560	200,525	191,525	191,525	191,525	220,263	236,122	254,067
Net Property Rates		–	–	370,133	513,667	513,667	513,667	513,667	590,717	633,248	681,375
Service charges - electricity revenue	6										
Total Service charges - electricity revenue				835,776	987,032	987,032	987,032	987,032	971,111	1,023,532	1,079,801
less Revenue Foregone (in excess of 50 kwh per indigent household per month)				48,600	40,068	40,068	40,068	40,068	40,068	42,232	44,554
less Cost of Free Basis Services (50 kwh per indigent household per month)		–	–	5,850	5,832	5,832	5,832	5,832	4,718	4,954	5,201
Net Service charges - electricity revenue		–	–	781,326	941,132	941,132	941,132	941,132	926,325	976,347	1,030,046
Service charges - water revenue	6										
Total Service charges - water revenue				113,157	125,091	126,091	126,091	126,091	126,191	132,960	140,214
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)				22,910	19,153	19,153	19,153	19,153	19,153	20,187	21,297
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		–	–	9,126	9,126	9,126	9,126	9,126	11,197	11,797	12,345
Net Service charges - water revenue		–	–	81,121	96,812	97,812	97,812	97,812	96,841	101,016	106,572
Service charges - sanitation revenue											
Total Service charges - sanitation revenue				59,974	67,445	68,445	68,445	68,445	62,236	65,575	69,153
less Revenue Foregone (in excess of free sanitation service to indigent households)				27,865	28,738	28,738	28,738	28,738	28,738	30,290	31,956
less Cost of Free Basis Services (free sanitation service to indigent households)		–	–	9,126	9,126	9,126	9,126	9,126	5,385	5,655	5,937
Net Service charges - sanitation revenue		–	–	22,984	29,581	30,581	30,581	30,581	28,112	29,630	31,260
Service charges - refuse revenue	6										
Total refuse removal revenue		–	–	96,376	124,114	121,114	121,114	121,114	119,148	125,668	132,691
Total landfill revenue											
less Revenue Foregone (in excess of one removal a week to indigent households)											
less Cost of Free Basis Services (removed once a week to indigent households)		–	–	13,112	13,112	13,112	13,112	13,112	14,009	14,852	15,780
Net Service charges - refuse revenue		–	–	83,264	111,002	108,002	108,002	108,002	105,139	110,816	116,911
Other Revenue by source											
Fuel Levy											
Sale Of Goods & Services		–	–	–	8,584	14,153	14,153	14,153	6,656	7,015	7,401
Other Revenue		–	–	32,541	55,106	45,106	45,106	45,106	21,359	22,512	23,750
Total 'Other' Revenue	1	–	–	32,541	63,690	59,260	59,260	59,260	28,015	29,527	31,151

MP326 City of Mbombela - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 01 - Council	Vote 02 - Office Of Council	Vote 03 - Municipal Manager	Vote 04 - City Planning And Development Department	Vote 05 - Corporate Services Department	Vote 06 - Strategic Management Services	Vote 07 - Financial Management	Vote 08 - Legal Services	Vote 09 - Regional Centre Coordinatio n	Vote 10 - Community Services	Vote 11 - Public Works, Roads And Transport	Vote 12 - Public Safety	Vote 13 - Water And Sanitation	Vote 14 - Energy	Vote 15 - Other	Total
R thousand	1																
Revenue By Source																	
Property rates		–	–	–	–	–	–	590,717	–	–	–	–	–	–	–	–	590,717
Service charges - electricity revenue		–	–	–	–	–	–	–	–	–	–	–	–	45	926,280	–	926,325
Service charges - water revenue		–	–	–	–	–	–	–	–	–	–	–	–	95,841	–	–	95,841
Service charges - sanitation revenue		–	–	–	–	–	–	–	–	–	–	–	–	28,112	–	–	28,112
Service charges - refuse revenue		–	–	–	–	–	–	–	–	–	105,139	–	–	–	–	–	105,139
Service charges - other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment		–	–	2,598	3,834	580	–	–	–	–	4,512	–	922	–	–	–	12,445
Interest earned - external investments		–	–	–	–	–	–	1,740	–	–	0	–	–	–	–	–	1,740
Interest earned - outstanding debtors		–	–	–	–	–	–	28,859	–	–	–	–	–	–	–	–	28,859
Dividends received		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		5	–	0	–	–	–	559	–	–	1	–	7,763	–	35	–	8,363
Licences and permits		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services		–	–	–	–	–	–	–	–	–	–	–	198,143	–	–	–	198,143
Other revenue		–	594	1,625	3,758	19	–	21,454	–	–	420	–	143	–	2	–	28,015
Transfers and subsidies		–	–	–	–	–	–	664,799	–	–	8,240	68,022	–	–	–	–	741,061
Gains on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and cont		5	594	4,223	7,591	598	–	1,308,128	–	–	118,312	68,022	206,970	123,998	926,317	–	2,764,759
Expenditure By Type																	
Employee related costs		10,356	17,149	53,208	52,054	46,013	28,710	113,165	487	6,505	233,663	70,638	124,551	68,548	48,457		873,505
Remuneration of councillors		41,696	–	–	–	–	–	–	–	–	–	–	–	–	–	–	41,696
Debt impairment		–	–	–	–	–	–	61,958	–	–	10,514	–	3,763	12,395	74,106	–	162,736
Depreciation & asset impairment		2,309	1,155	14,256	32,248	3,737	1,910	14,950	–	5,736	94,100	223,670	55,596	69,691	21,199	–	540,557
Finance charges		–	41	30	1,771	45	–	108	–	–	2,325	26,474	124	2,484	6,637	–	40,039
Bulk purchases		–	–	–	–	–	–	–	–	–	–	–	–	49,968	686,220	–	736,187
Other materials		608	634	514	1,250	935	322	5,960	4	183	10,690	9,543	5,871	8,722	10,329	–	55,567
Contracted services		9,129	3,501	20,223	30,081	20,000	2,043	44,625	1,544	6,902	100,515	105,412	64,903	61,454	46,396	–	516,727
Transfers and subsidies		427	211	54	3,273	1,678	688	–	–	–	43	3	195	28,738	–	–	35,310
Other expenditure		5,438	5,723	27,351	1,472	37,237	5,456	21,854	35	237	14,246	4,169	77,659	46,198	8,660	–	255,735
Loss on disposal of PPE		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		69,965	28,414	115,636	122,149	109,645	39,130	262,620	2,071	19,562	466,096	439,909	332,661	348,199	902,004	–	3,258,060
Surplus/(Deficit)		(69,959)	(27,821)	(111,413)	(114,557)	(109,047)	(39,130)	1,045,508	(2,071)	(19,562)	(347,784)	(371,888)	(125,691)	(224,201)	24,313	–	(493,301)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)								–			–	505,947		–	31,045		536,992
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions)																	–
Transfers and subsidies - capital (in-kind - all)								–					–				–
Surplus/(Deficit) after capital transfers & contributions		(69,959)	(27,821)	(111,413)	(114,557)	(109,047)	(39,130)	1,045,508	(2,071)	(19,562)	(347,784)	134,060	(125,691)	(224,201)	55,358	–	43,691

MP326 City of Mbombela - Supporting Table SA3 Supportinging detail to 'Budgeted Financial Position'

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
ASSETS											
Call investment deposits											
Call deposits		–	–	4,536	–	–	–	–	–	–	–
Other current investments		–	–	–	–	–	–	–	–	–	–
Total Call investment deposits	2	–	–	4,536	–	–	–	–	–	–	–
Consumer debtors											
Consumer debtors		–	–	311,597	258,897	271,842	271,842	271,842	287,441	312,948	340,004
Less: Provision for debt impairment		–	–	(169,513)							
Total Consumer debtors	2	–	–	142,085	258,897	271,842	271,842	271,842	287,441	312,948	340,004
Debt impairment provision											
Balance at the beginning of the year				122,365							
Contributions to the provision		–	–	47,148	–	–	–	–	–	–	–
Bad debts written off				23,417							
Balance at end of year		–	–	192,929	–	–	–	–	–	–	–
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		–	–	10,930,275	7,438,890	7,604,394	7,604,394	7,604,394	7,624,605	7,622,035	7,628,256
Leases recognised as PPE	3										
Less: Accumulated depreciation		–	–	3,756,183							
Total Property, plant and equipment (PPE)	2	–	–	7,174,091	7,438,890	7,604,394	7,604,394	7,604,394	7,624,605	7,622,035	7,628,256
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)				5,486					29,302	17,515	18,407
Current portion of long-term liabilities		–	–	17,954	20,410	20,410	20,410	20,410			
Total Current liabilities - Borrowing		–	–	23,440	20,410	20,410	20,410	20,410	29,302	17,515	18,407
Trade and other payables											
Trade and other creditors		–	–	1,264,569	378,929	494,628	494,628	494,628	595,659	579,731	594,327
Unspent conditional transfers		–	–	169,521	88,589	88,589	88,589	88,589	26,097	26,354	23,778
VAT		–	–								
Total Trade and other payables	2	–	–	1,434,091	467,518	583,217	583,217	583,217	621,756	606,086	618,105
Non current liabilities - Borrowing											
Borrowing	4	–	–	402,096	262,371	262,371	262,371	262,371	233,069	215,554	197,147
Finance leases (including PPP asset element)				4,904					4,633		
Total Non current liabilities - Borrowing		–	–	407,000	262,371	262,371	262,371	262,371	237,701	215,554	197,147
Provisions - non-current											
Retirement benefits				190,476	111,782	111,782	111,782	111,782			
List other major provision items											
Refuse landfill site rehabilitation					187,325	187,325	187,325	187,325	314,791	347,225	383,083
Total Provisions - non-current		–	–	190,476	299,107	299,107	299,107	299,107	314,791	347,225	383,083
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance		–	–	5,692,074	6,730,156	7,085,652	7,085,652	7,085,652	7,270,312	7,312,652	7,232,341
GRAP adjustments				380,742							
Restated balance		–	–	6,072,817	6,730,156	7,085,652	7,085,652	7,085,652	7,270,312	7,312,652	7,232,341
Surplus/(Deficit)		–	–	(113,661)	648,521	325,825	325,825	353,628	43,691	45,250	112,468
Appropriations to Reserves											
Transfers from Reserves		–	–	–	–	–	–	–	–	–	–
Depreciation offsets		–	–								
Other adjustments		–	–	–				(27,803)	85,000	85,000	111,000
Accumulated Surplus/(Deficit)	1	–	–	5,959,156	7,378,677	7,411,477	7,411,477	7,411,477	7,399,003	7,442,902	7,455,809
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Revaluation											
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	–	–	5,959,156	7,378,677	7,411,477	7,411,477	7,411,477	7,399,003	7,442,902	7,455,809

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MP326 City of Mbombela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Energy				-	-	-	948,153	948,153	948,153	926,317	976,338	1,030,037
Water And Sanitation				-	-	-	126,439	128,439	128,439	123,998	130,694	137,882
Public Safety				-	-	-	223,744	203,834	203,834	206,970	218,147	230,145
Public Works, Roads And Transport				-	-	-	65,310	65,310	65,310	68,022	71,354	75,741
Community Services				-	-	-	130,693	122,693	122,693	118,312	116,016	122,397
Regional Centre Coordination				-	-	-	-	-	-	-	-	-
Legal Services				-	-	-	-	-	-	-	-	-
Financial Management				-	-	-	1,216,251	1,213,820	1,213,820	1,308,128	1,414,047	1,540,033
Strategic Management Services				-	-	-	-	-	-	-	-	-
Corporate Services Department				-	-	-	859	859	859	598	631	665
City Planning And Development Department				-	-	-	13,896	13,896	13,896	7,591	8,001	8,441
Municipal Manager				-	-	-	7,468	7,468	7,468	4,223	4,451	4,696
Office Of Council				-	-	-	1,256	1,256	1,256	594	626	660
Council				-	-	-	10	10	10	5	6	6
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	-	-	-	2,734,077	2,705,736	2,705,736	2,764,759	2,940,311	3,150,703

MP326 City of Mbombela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Energy				–	–	–	741,140	801,703	801,703	902,004	962,863	1,030,816
Water And Sanitation				–	–	–	310,144	368,107	368,107	348,199	366,939	386,591
Public Safety				–	–	–	269,923	278,427	278,427	332,661	336,361	376,273
Public Works, Roads And Transport				–	–	–	300,987	308,120	308,120	439,909	438,051	454,395
Community Services				–	–	–	388,849	422,120	422,120	466,096	488,529	515,750
Regional Centre Coordination				–	–	–	7,527	14,438	14,438	19,562	19,539	20,571
Legal Services				–	–	–	2,399	3,643	3,643	2,071	2,183	2,309
Financial Management				–	–	–	220,205	260,710	260,710	262,620	272,197	289,512
Strategic Management Services				–	–	–	28,166	31,418	31,418	39,130	41,298	43,862
Corporate Services Department				–	–	–	146,999	191,220	191,220	109,645	115,994	121,608
City Planning And Development Department				–	–	–	84,673	93,751	93,751	122,149	128,130	131,048
Municipal Manager				–	–	–	95,764	106,626	106,626	115,636	118,348	125,231
Office Of Council				–	–	–	22,934	21,891	21,891	28,414	27,895	29,894
Council				–	–	–	63,150	62,448	62,448	69,965	71,669	75,937
Allocations to other priorities												
Total Expenditure			1	–	–	–	2,682,858	2,964,622	2,964,622	3,258,060	3,389,997	3,603,798

MP326 City of Mbombela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Energy				–	–	–	37,267	37,595	37,595	15,000	15,428	16,431
Water And Sanitation				–	–	–	117,162	117,360	117,360	133,435	149,366	137,417
Public Safety				–	–	–	3,821	3,120	3,120	–	–	–
Public Works, Roads And Transport				–	–	–	367,459	356,990	356,990	392,622	435,922	461,922
Community Services				–	–	–	9,320	7,439	7,439	1,000	–	–
Regional Centre Coordination				–	–	–	1,000	1,040	1,040	–	–	–
Financial Management				–	–	–	4,950	27,888	27,888	1,490	1,000	1,000
Strategic Management Services				–	–	–	965	400	400	–	–	–
Corporate Services Department				–	–	–	6,700	7,853	7,853	–	–	–
City Planning And Development Department				–	–	–	48,143	44,887	44,887	46,140	21,620	49,000
Municipal Manager				–	–	–	10,347	8,406	8,406	–	–	–
Allocations to other priorities			3									
Total Capital Expenditure			1	–	–	–	607,134	612,979	612,979	589,687	623,335	665,770

MP326 City of Mbombela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Borrowing Management											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	2.0%	1.7%	1.4%	1.4%	1.4%	2.1%	2.0%	1.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.0%	0.0%	3.6%	2.3%	2.0%	2.0%	2.0%	3.3%	3.1%	2.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity											
Current Ratio	Current assets/current liabilities	–	–	0.3	1.2	0.9	0.9	0.9	0.9	1.0	1.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	–	–	0.3	1.2	0.9	0.9	0.9	0.9	1.0	1.0
Liquidity Ratio	Monetary Assets/Current Liabilities	–	–	0.0	0.4	0.2	0.2	0.2	0.2	0.2	0.2
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		0.0%	0.0%	90.3%	117.8%	93.6%	93.6%	93.6%	98.1%	97.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		0.0%	0.0%	90.4%	97.7%	97.0%	97.0%	97.0%	90.0%	90.0%	90.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	19.0%	12.0%	12.6%	12.6%	12.6%	14.0%	14.2%	14.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within`MFMA's 65(e))										
Creditors to Cash and Investments		0.0%	0.0%	5299.0%	180.6%	335.5%	335.5%	335.5%	491.1%	520.9%	525.2%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW)				60934016.24	60934016.24	60934016.24	60934016.24	54840614.61	49356553.15	44420897.84
	Total Cost of Losses (Rand '000)				39,485	39,485	39,485	39,485	35,537	31,983	28,785
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)				855721.62	855721.62	855721.62	855721.62	770149.458	693134.5122	623821.061
	% Volume (units purchased and generated less units sold)/units purchased and generated				3,380	3,380	3,380	3,380	3,042	2,738	2,464
Employee costs	Employee costs/(Total Revenue - capital revenue)	0.0%	0.0%	29.6%	26.8%	28.0%	28.0%	28.0%	31.6%	31.4%	31.2%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	28.2%	29.5%	29.5%		33.1%	32.9%	32.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	10.7%	8.5%	8.6%	8.6%		9.8%	10.2%	12.3%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	25.9%	10.5%	19.8%	19.8%	19.8%	21.0%	20.6%	19.8%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	–	–	28.9	71.9	71.9	71.9	36.6	33.7	41.9	44.5
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	0.0%	0.0%	27.4%	19.0%	19.9%	19.9%	19.9%	22.0%	22.5%	22.5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	–	–	0.1	1.1	0.8	0.8	0.8	0.6	0.5	0.5

	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Household service targets (000)									
Water:									
Piped water inside dwelling	–	–	52,024	52,024	52,024	52,024	52,024	52,024	52,024
Piped water inside yard (but not in dwelling)	–	–	72,178	72,178	72,178	72,178	72,178	72,178	72,178
Using public tap (at least min.service level)	–	–	13,334	13,334	13,334	13,334	13,334	13,334	13,334
Other water supply (at least min.service level)	–	–	61,715	61,715	61,715	61,715	61,715	61,715	61,715
Minimum Service Level and Above sub-total	–	–	199,251	199,251	199,251	199,251	199,251	199,251	199,251
Using public tap (< min.service level)	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	–	–	–	–	–	–	–	–	–
No water supply	–	–	6,885	6,885	6,885	6,885	6,885	6,885	6,885
Below Minimum Service Level sub-total	–	–	6,885	6,885	6,885	6,885	6,885	6,885	6,885
Total number of households	–	–	206,136	206,136	206,136	206,136	206,136	206,136	206,136
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	–	–	74,171	74,171	74,171	74,171	74,171	74,171	74,171
Flush toilet (with septic tank)	–	–	–	–	–	–	–	–	–
Chemical toilet	–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)	–	–	114,164	114,164	114,164	114,164	114,164	114,164	114,164
Other toilet provisions (> min.service level)	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total	–	–	188,335	188,335	188,335	188,335	188,335	188,335	188,335
Bucket toilet	–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)	–	–	–	–	–	–	–	–	–
No toilet provisions	–	–	17,801	17,801	17,801	17,801	17,801	17,801	17,801
Below Minimum Service Level sub-total	–	–	17,801	17,801	17,801	17,801	17,801	17,801	17,801
Total number of households	–	–	206,136	206,136	206,136	206,136	206,136	206,136	206,136
Energy:									
Electricity (at least min.service level)	–	–	190,065	190,065	190,065	190,065	190,065	190,065	190,065
Electricity - prepaid (min.service level)	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total	–	–	190,065	190,065	190,065	190,065	190,065	190,065	190,065
Electricity (< min.service level)	–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)	–	–	–	–	–	–	–	–	–
Other energy sources	–	–	16,071	16,071	16,071	16,071	16,071	16,071	16,071
Below Minimum Service Level sub-total	–	–	16,071	16,071	16,071	16,071	16,071	16,071	16,071
Total number of households	–	–	206,136	206,136	206,136	206,136	206,136	206,136	206,136
Refuse:									
Removed at least once a week	–	–	64,027	64,027	64,027	64,027	64,027	64,027	64,027
Minimum Service Level and Above sub-total	–	–	64,027	64,027	64,027	64,027	64,027	64,027	64,027
Removed less frequently than once a week	–	–	–	–	–	–	–	–	–
Using communal refuse dump	–	–	133,170	133,170	133,170	133,170	133,170	133,170	133,170
Using own refuse dump	–	–	–	–	–	–	–	–	–
Other rubbish disposal	–	–	–	–	–	–	–	–	–
No rubbish disposal	–	–	8,939	8,939	8,939	8,939	8,939	8,939	8,939
Below Minimum Service Level sub-total	–	–	142,109	142,109	142,109	142,109	142,109	142,109	142,109
Total number of households	–	–	206,136	206,136	206,136	206,136	206,136	206,136	206,136

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MP326 City of Mbombela Supporting Table SA10 Funding measurement

Description	MFMA section	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Funding measures												
Cash/cash equivalents at the year end - R'000	18(1)b	1	–	–	23,864	209,857	147,426	147,426	147,426	121,281	111,303	113,168
Cash + investments at the yr end less applications - R'000	18(1)b	2	–	–	(1,065,563)	195,323	58,046	58,046	58,046	29,055	76,551	85,610
Cash year end/monthly employee/supplier payments	18(1)b	3	–	–	0.1	1.1	0.8	0.8	0.8	0.6	0.5	0.5
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	–	–	(113,661)	648,521	325,825	325,825	353,628	43,691	45,250	112,468
Service charge rev %change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(6.0%)	(6.0%)	20.4%	(6.1%)	(6.0%)	(6.0%)	(2.8%)	0.0%	0.2%
Cash receipts %of Ratepayer & Other revenue	18(1)a,(2)	6	0.0%	0.0%	87.1%	96.1%	94.6%	94.6%	94.6%	90.4%	91.1%	90.9%
Debt impairment expense as a %of total billable revenue	18(1)a,(2)	7	0.0%	0.0%	1.7%	3.4%	4.4%	4.4%	4.4%	9.3%	8.8%	8.8%
Capital payments %of capital expenditure	18(1)c;19	8	0.0%	0.0%	100.0%	100.0%	90.0%	90.0%	240.4%	94.3%	76.1%	85.0%
Borrowing receipts %of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants %of Govt. legislated/gazetted allocations	18(1)a	10								100.0%	100.0%	100.0%
Current consumer debtors %change - incr(decr)	18(1)a	11	N.A.	0.0%	0.0%	(11.8%)	4.0%	0.0%	0.0%	13.6%	8.3%	6.3%
Long term receivables %change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M %of Property Plant & Equipment	20(1)(vi)	13	0.0%	0.0%	2.9%	3.1%	3.1%	3.1%	3.6%	3.5%	4.0%	5.1%
Asset renewal %of capital budget	20(1)(vi)	14	0.0%	0.0%	22.7%	1.6%	2.3%	2.3%	0.0%	9.3%	12.0%	12.8%
Supporting indicators												
%incr total service charges (incl prop rates)	18(1)a			0.0%	0.0%	25.4%	(0.1%)	0.0%	0.0%	3.2%	6.0%	6.2%
%incr Property Tax	18(1)a			0.0%	0.0%	38.8%	0.0%	0.0%	0.0%	15.0%	7.2%	7.6%
%incr Service charges - electricity revenue	18(1)a			0.0%	0.0%	20.5%	0.0%	0.0%	0.0%	(1.6%)	5.4%	5.5%
%incr Service charges - water revenue	18(1)a			0.0%	0.0%	19.3%	1.0%	0.0%	0.0%	(2.0%)	5.4%	5.5%
%incr Service charges - sanitation revenue	18(1)a			0.0%	0.0%	28.7%	3.4%	0.0%	0.0%	(8.1%)	5.4%	5.5%
%incr Service charges - refuse revenue	18(1)a			0.0%	0.0%	33.3%	(2.7%)	0.0%	0.0%	(2.7%)	5.4%	5.5%
%incr in Service charges - other	18(1)a			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		–	–	1,338,827	1,692,193	1,691,193	1,691,193	1,691,193	1,746,133	1,851,057	1,965,164
Service charges			–	–	1,338,827	1,692,193	1,691,193	1,691,193	1,691,193	1,746,133	1,851,057	1,965,164
Property rates			–	–	370,133	513,667	513,667	513,667	513,667	590,717	633,248	681,375
Service charges - electricity revenue			–	–	781,325	941,132	941,132	941,132	941,132	926,325	976,347	1,030,046
Service charges - water revenue			–	–	81,121	96,812	97,812	97,812	97,812	95,841	101,016	106,572
Service charges - sanitation revenue			–	–	22,984	29,581	30,581	30,581	30,581	28,112	29,630	31,260
Service charges - refuse removal			–	–	83,264	111,002	108,002	108,002	108,002	105,139	110,815	116,911
Service charges - other			–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment			–	–	13,995	24,306	19,306	19,306	19,306	12,445	13,117	13,839
Capital expenditure excluding capital grant funding			–	–	100,447	91,205	107,879	107,879	(275,663)	67,750	104,250	75,208
Cash receipts from ratepayers	18(1)a		–	–	1,265,876	1,950,489	1,894,353	1,894,353	1,894,353	1,827,513	1,951,683	2,067,494
Ratepayer & Other revenue	18(1)a		–	–	1,453,295	2,029,454	2,002,123	2,002,123	2,002,123	2,021,958	2,143,104	2,275,702
Change in consumer debtors (current and non-current)			126,690	–	370,670	(43,744)	(30,799)	(30,799)	(30,799)	59,851	32,066	25,286
Operating and Capital Grant Revenue	18(1)a		–	–	1,132,384	1,292,970	1,280,378	1,280,378	1,280,378	1,278,053	1,290,309	1,438,629
Capital expenditure - total	20(1)(vi)		–	–	609,709	607,134	612,979	612,979	229,437	599,667	623,335	665,770
Capital expenditure - renewal	20(1)(vi)		–	–	138,188	9,602	13,832	13,832		54,926	74,592	85,025
Supporting benchmarks												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY										673,039	723,018	796,325
DoRA capital grants total MFY										605,014	567,291	642,304
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants										1,278,053	1,290,309	1,438,629
Average annual collection rate (arrears inclusive)												
DoRA operating												
Equitable Share										661,329	720,518	793,825
Financial Management Grant (FMG)										3,470	2,500	2,500
Expanded Public Works Programme										8,240		
										673,039	723,018	796,325
Dora Capital												
Municipal Infrastructure Grant (MIG)										336,980	333,753	353,595
Water Services Infrastructure Grant										–	–	18,350
Neighbourhood Development Partnership Grant										33,535	2,620	28,500
Public Transport Network Grant										203,454	198,918	209,859
Integrated National Electrification Programme										31,045	32,000	32,000
										605,014	567,291	642,304

Total Operating Revenue			–	–	1,949,273	2,734,077	2,705,736	2,705,736	2,705,736	2,764,759	2,940,311	3,150,703
Total Operating Expenditure			–	–	2,700,951	2,682,858	2,964,622	2,964,622	2,936,819	3,258,060	3,389,997	3,603,798
Operating Performance Surplus/(Deficit)			–	–	(751,678)	51,219	(258,886)	(258,886)	(231,083)	(493,301)	(449,686)	(453,095)
Cash and Cash Equivalents (30 June 2012)										121,281		
Revenue												
% Increase in Total Operating Revenue				0.0%	0.0%	40.3%	(1.0%)	0.0%	0.0%	2.2%	6.3%	7.2%
% Increase in Property Rates Revenue				0.0%	0.0%	38.8%	0.0%	0.0%	0.0%	15.0%	7.2%	7.6%
% Increase in Electricity Revenue				0.0%	0.0%	20.5%	0.0%	0.0%	0.0%	(1.6%)	5.4%	5.5%
% Increase in Property Rates & Services Charges				0.0%	0.0%	26.4%	(0.1%)	0.0%	0.0%	3.2%	6.0%	6.2%
Expenditure												
% Increase in Total Operating Expenditure				0.0%	0.0%	(0.7%)	10.5%	0.0%	(0.9%)	9.9%	4.0%	6.3%
% Increase in Employee Costs				0.0%	0.0%	27.0%	3.6%	0.0%	0.0%	15.2%	5.6%	6.5%
% Increase in Electricity Bulk Purchases				0.0%	0.0%	8.4%	5.2%	0.0%	0.0%	7.3%	8.0%	8.0%
Average Cost Per Budgeted Employee Position (Remuneration)					0	316638.026				176109.9192		
Average Cost Per Councillor (Remuneration)					0	439975.0556				0		
R&M % of PPE			0.0%	0.0%	2.9%	3.1%	3.1%	3.1%		3.5%	4.0%	4.1%
Asset Renewal and R&M as a % of PPE			0.0%	0.0%	7.0%	6.0%	5.0%	5.0%		6.0%	6.0%	6.0%
Debt Impairment % of Total Billable Revenue			0.0%	0.0%	1.7%	3.4%	4.4%	4.4%	4.4%	9.3%	8.8%	8.8%
Capital Revenue												
Internally Funded & Other (R'000)			–	–	100,447	91,205	107,879	107,879	107,879	67,750	104,250	75,208
Borrowing (R'000)			–	–	–	–	–	–	–	–	–	–
Grant Funding and Other (R'000)			–	–	509,262	515,929	505,100	505,100	505,100	521,937	519,085	590,562
Internally Generated funds % of Non Grant Funding			0.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			0.0%	0.0%	83.5%	85.0%	82.4%	82.4%	82.4%	88.5%	83.3%	88.7%
Capital Expenditure												
Total Capital Programme (R'000)			–	–	609,709	607,134	612,979	612,979	612,979	589,687	623,335	665,770
Asset Renewal			–	–	138,188	9,602	13,832	13,832	–	54,926	74,592	85,026
Asset Renewal % of Total Capital Expenditure			0.0%	0.0%	22.7%	1.6%	2.3%	2.3%	0.0%	9.3%	12.0%	12.8%
Cash												
Cash Receipts % of Rate Payer & Other			0.0%	0.0%	87.1%	96.1%	94.6%	94.6%	94.6%	90.4%	91.1%	90.9%
Cash Coverage Ratio			–	–	0	0	0	0	0	0	0	0
Borrowing												
Credit Rating (2009/10)										0		
Capital Charges to Operating			0.0%	0.0%	2.0%	1.7%	1.4%	1.4%	1.4%	2.1%	2.0%	1.3%
Borrowing Receipts % of Capital Expenditure			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves												
Surplus/(Deficit)			–	–	(1,065,563)	196,323	58,046	58,046	58,046	29,055	76,551	85,610
Free Services												
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			0.0%	0.0%	19.7%	14.2%	13.9%	13.9%		15.2%	15.3%	15.4%
High Level Outcome of Funding Compliance												
Total Operating Revenue			–	–	1,949,273	2,734,077	2,705,736	2,705,736	2,705,736	2,764,759	2,940,311	3,150,703
Total Operating Expenditure			–	–	2,700,951	2,682,858	2,964,622	2,964,622	2,936,819	3,258,060	3,389,997	3,603,798
Surplus/(Deficit) Budgeted Operating Statement			–	–	(751,678)	51,219	(258,886)	(258,886)	(231,083)	(493,301)	(449,686)	(453,095)
Surplus/(Deficit) Considering Reserves and Cash Backing			–	–	(1,065,563)	196,323	58,046	58,046	58,046	29,055	76,551	85,610
MTREF Funded (1) / Unfunded (0)		15	1	1	0	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗		15	✓	✓	✗	✓	✓	✓	✓	✓	✓	✓

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MP326 City of Mbombela - Supporting Table SA11 Property rates summary

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Valuation:	1									
Date of valuation:										
Financial year valuation used								Y		
Municipal by-laws s6 in place? (Y/N)	2							Yes		
Municipal/assistant valuer appointed? (Y/N)								Yes		
Municipal partnership s38 used? (Y/N)								N		
No. of assistant valuers (FTE)	3									
No. of data collectors (FTE)	3									
No. of internal valuers (FTE)	3									
No. of external valuers (FTE)	3									
No. of additional valuers (FTE)	4									
Valuation appeal board established? (Y/N)										
Implementation time of new valuation roll (mths)										
No. of properties	5							71,150	71,150	71,150
No. of sectional title values	5							5,823	5,823	5,823
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations										
No. of valuation roll amendments										
No. of objections by rate payers										
No. of appeals by rate payers										
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation										
Public service infrastructure value (Rm)	5							108	108	108
Municipality owned property value (Rm)								1,440	1,440	1,440
Valuation reductions:										
Valuation reductions-public infrastructure (Rm)								86	86	86
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)								986	986	986
Valuation reductions-public worship (Rm)								360	360	360
Valuation reductions-other (Rm)								5,402	5,402	5,402
Total valuation reductions:		–	–	–	–	–	–	6,835	6,835	6,835
Total value used for rating (Rm)	5							63,877	63,877	63,877
Total land value (Rm)	5							–		
Total value of improvements (Rm)	5							–		
Total market value (Rm)	5							63,877	63,877	63,877
Rating:										
Residential rate used to determine rate for other categories? (Y/N)								Yes		
Differential rates used? (Y/N)	5							Yes		
Limit on annual rate increase (s20)? (Y/N)										
Special rating area used? (Y/N)								No		
Phasing-in properties s21 (number)								No		
Rates policy accompanying budget? (Y/N)								Yes		
Fixed amount minimum value (R'000)										
Non-residential prescribed ratio s19? (%)										
Rate revenue:										
Rate revenue budget (R '000)	6							590,717		
Rate revenue expected to collect (R'000)	6							543,459		
Expected cash collection rate (%)								92.0%		
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)								6,577		
Rebates, exemptions - pensioners (R'000)								4,384		
Rebates, exemptions - bona fide farm. (R'000)										
Rebates, exemptions - other (R'000)								208,258		
Phase-in reductions/discounts (R'000)										
Total rebates,exemptns,reductns,discs (R'000)		–	–	–	–	–	–	219,219	–	–

MP326 City of Mbombela - Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Current Year 2017/18																	
Valuation:																	
No. of properties		68,409	61	2,999	4,570	867	1,699	464	279		523					26	
No. of sectional title property values		4,765	–	547	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of unreasonably difficult properties s7(2)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of supplementary valuations		4	4	4	4	4	4	4	4	4	4	4	–	–	–	4	–
Supplementary valuation (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of valuation roll amendments		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
No. of objections by rate-payers		982	–	216	79	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers		37	–	25	13	–	–	–	–	–	–	–	–	–	–	–	–
No. of appeals by rate-payers finalised		37	–	25	13	–	–	–	–	–	–	–	–	–	–	–	–
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)																	
Frequency of valuation (select)																	
Method of valuation used (select)																	
Base of valuation (select)																	
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)																	
Flat rate used? (Y/N)																	
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)		–	–	–	–	–	–	115	–	–	–	–	–	–	–		–
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Valuation reductions-R15,000 threshold (Rm)		880	–	–	–	–	–	–	–	–	–	–		–	–	–	–
Valuation reductions-public worship (Rm)		–	–	–		–	–	–	–	–	–	–	–	–	–	419	–
Valuation reductions-other (Rm)	2	3,914										–					
Total valuation reductions:																	
Total value used for rating (Rm)	6	23,393	36	13,011	7,550	2,536	1,349	115		–		770				203	
Total land value (Rm)	6	–	–	–	–	–	–	–	–	–	–	–	–	–		–	–
Total value of improvements (Rm)	6	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total market value (Rm)	6	23,393	36	13,011	7,550	2,536	1,349	115				770				203	–

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MP326 City of Mbombela - Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Protect. Areas	National Monum/ts	Public benefit organs.	Mining Props.
Budget Year 2018/19																	
Valuation:																	
No. of properties		60,578	392	1,966	4,197	546	2,257	451								28	
No. of sectional title property values		5,147	114	562													
No. of unreasonably difficult properties s7(2)																	
No. of supplementary valuations																	
Supplementary valuation (Rm)																	
No. of valuation roll amendments																	
No. of objections by rate-payers																	
No. of appeals by rate-payers																	
No. of appeals by rate-payers finalised																	
No. of successful objections	5																
No. of successful objections > 10%	5																
Estimated no. of properties not valued																	
Years since last valuation (select)		4															
Frequency of valuation (select)		4															
Method of valuation used (select)		Market															
Base of valuation (select)		Land & impr.															
Phasing-in properties s21 (number)																	
Combination of rating types used? (Y/N)		Yes															
Flat rate used? (Y/N)		No															
Is balance rated by uniform rate/variable rate?																	
Valuation reductions:																	
Valuation reductions-public infrastructure (Rm)																	
Valuation reductions-nature reserves/park (Rm)																	
Valuation reductions-mineral rights (Rm)																	
Valuation reductions-R15,000 threshold (Rm)		986															
Valuation reductions-public worship (Rm)		360															
Valuation reductions-other (Rm)	2																
Total valuation reductions:																	
Total value used for rating (Rm)	6		1,907	17,358	11,553	4,805		108								275	
Total land value (Rm)	6																
Total value of improvements (Rm)	6																
Total market value (Rm)	6		1,907	17,358	11,553	4,805		108								275	
Rating:																	
Average rate	3																
Rate revenue budget (R '000)		177,195	4,378	249,505	31,154	128,279	-	27	-	-	-	-	-	-	-	180	-
Rate revenue expected to collect (R'000)		163,019	4,028	229,544	28,662	118,016		25								165	
Expected cash collection rate (%)	4	92.0%	92.0%	92.0%	92.0%	92.0%	0.0%	92.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	92.0%	0.0%
Special rating areas (R'000)																	
Rebates, exemptions - indigent (R'000)		6,577															
Rebates, exemptions - pensioners (R'000)		4,384															
Rebates, exemptions - bona fide farm. (R'000)																	
Rebates, exemptions - other (R'000)		109,662	1,566	97,030	-	-	-	-	-	-	-	-	-	-	-	-	-
Phase-in reductions/discounts (R'000)																	
Total rebates,exemptns,reductns,discs (R'000)																	

MP326 City of Mbombela - Supporting Table SA13a Service Tariffs by category

Description	Ref	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
							Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Property rates *(rate in the Rand)*	1								
Residential properties		-	-	-	-	0.9512	0.9512	1.0026	1.0577
Residential properties - vacant land		-	-	-	-	-	-	-	-
Formal/informal settlements		-	-	-	-	0.9512	0.9512	1.0026	1.0577
Small holdings		-	-	-	-	-	-	-	-
Farm properties - used		-	-	-	-	0.2378	0.2378	0.2507	0.2644
Farm properties - not used		-	-	-	-	-	-	-	-
Industrial properties		-	-	-	-	-	-	-	-
Business and commercial properties		-	-	-	-	2.3781	2.3781	2.5065	2.6444
Communal land - residential		-	-	-	-	0.9512	0.9512	1.0026	1.0577
Communal land - small holdings		-	-	-	-	-	-	-	-
Communal land - farm property		-	-	-	-	-	-	-	-
Communal land - business and commercial		-	-	-	-	-	-	-	-
Communal land - other		-	-	-	-	-	-	-	-
State-owned properties		-	-	-	-	2.8537	2.8537	3.0078	3.1732
Municipal properties		-	-	-	-			-	-
Public service infrastructure		-	-	-	-	0.2378	0.2378	0.2507	0.2644
Privately owned towns serviced by the		-	-	-	-			-	-
State trust land		-	-	-	-	0.9512	0.9512	1.0026	1.0577
Restitution and redistribution properties		-	-	-	-			-	-
Protected areas		-	-	-	-			-	-
National monuments properties		-	-	-	-			-	-
Exemptions, reductions and rebates *(Rands)*									
Residential properties									
R15 000 threshhold rebate			15,000	15,000	15,000	15,000	15,000	15,000	15,000
General residential rebate		-	-	-	-	80,000	100,000	100,000	100,000
Indigent rebate or exemption		-	-	-	-	100	100	100	100
Pensioners/social grants rebate or exemption		-	-	-	-	100	100	100	100
Temporary relief rebate or exemption		-	-	-	-	-	-	-	-
Bona fide farmers rebate or exemption		-	-	-	-	8	8	8	8
Other rebates or exemptions	2	-	-	-	-	-	-	-	-
Water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*						-			
Service point - vacant land *(Rands/month)*						-			
Water usage - flat rate tariff *(c/kl)*						-			
Water usage - life line tariff		(describe structure)				-			
Water usage - Block 1 (c/kl)		(fill in thresholds)				-			
Water usage - Block 2 (c/kl)		(fill in thresholds)				2,584	2,721	2,868	3,026
Water usage - Block 3 (c/kl)		(fill in thresholds)				2,330	2,453	2,586	2,728
Water usage - Block 4 (c/kl)		(fill in thresholds)				2,209	2,326	2,452	2,587
Other	2					-			
Waste water tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*									
Service point - vacant land *(Rands/month)*									
Waste water - flat rate tariff *(c/kl)*									
Volumetric charge - Block 1 (c/kl)		(fill in structure)							
Volumetric charge - Block 2 (c/kl)		(fill in structure)							
Volumetric charge - Block 3 (c/kl)		(fill in structure)							
Volumetric charge - Block 4 (c/kl)		(fill in structure)							
Other	2								
Electricity tariffs									
Domestic									
Basic charge/fixed fee *(Rands/month)*						-			
Service point - vacant land *(Rands/month)*						-			
FBE		(how is this targeted?)				-			
Life-line tariff - meter		(describe structure)				-			
Life-line tariff - prepaid		(describe structure)				-			
Flat rate tariff - meter *(c/kwh)*						-			
Flat rate tariff - prepaid*(c/kwh)*						-			
Meter - IBT Block 1 (c/kwh)		(fill in thresholds)				93	99	104	110
Meter - IBT Block 2 (c/kwh)		(fill in thresholds)				120	128	135	142
Meter - IBT Block 3 (c/kwh)		(fill in thresholds)				155	165	174	184
Meter - IBT Block 4 (c/kwh)		(fill in thresholds)				178	190	200	211
Meter - IBT Block 5 (c/kwh)		(fill in thresholds)				-	-	-	-
Prepaid - IBT Block 1 (c/kwh)		(fill in thresholds)				93	99	104	110
Prepaid - IBT Block 2 (c/kwh)		(fill in thresholds)				120	128	135	142
Prepaid - IBT Block 3 (c/kwh)		(fill in thresholds)				155	165	174	184
Prepaid - IBT Block 4 (c/kwh)		(fill in thresholds)				178	190	200	211
Prepaid - IBT Block 5 (c/kwh)		(fill in thresholds)				-			
Other	2					-			

MP326 City of Mbombela - Supporting Table SA13b Service Tariffs by category - explanatory

Description	Ref	Provide description of tariff structure where appropriate	2014/15	2015/16	2016/17	Current Year 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
							Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Exemptions, reductions and rebates *(Rands)*									
ASSESSMENT RATES REBATES -		-	-	-	-	0.89436334	0.89436334	1	1
PUBLIC SERVICE INFRASTRUCTURE - FIRST						0.223619084	0.223619084	0	0
Water tariffs									
BUSINESS COMMERCIAL INDUSTRIAL		0	-	-	-	20	21	22	23
BULK CUSTOMERS OUTSIDE MUNICIPAL AREA		(fill in thresholds)				22	23	24	25
MUNICIPAL DEPARTMENTS		(fill in thresholds)				5	5	5	6
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
Waste water tariffs									
BASIC CHARGE		0	-	-	-	90	-	-	-
BORE HOLES		(fill in structure)				183	193	203	215
BUSINESS COMMERCIAL INDUSTRIAL		(fill in structure)				4,037	4,251	4,480	4,726
PINE LAKE INN		(fill in structure)				3,015	3,175	3,346	3,530
INDUSTRIAL GOVERNMENT - TRANSNET		(fill in structure)				323	340	358	378
BORE HOLES		(fill in structure)				395	416	439	463
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
		(fill in structure)							
Electricity tariffs									
BAFFALLO, KUDU AND HIPPO		0	-	-	-	93	-	-	-
BAFFALLO, KUDU AND HIPPO		(fill in thresholds)				120	128	135	142
BAFFALLO, KUDU AND HIPPO						155	165	174	184
BAFFALLO, KUDU AND HIPPO						178	190	200	211
						-	-	-	-
						-	-	-	-
RHINO						194	207	218	230
LION LOW TENSION						100	107	113	119
LION LOW TENSION						75	80	85	89
LION LOW TENSION						76	82	86	91
LION LOW TENSION						1,732	1,850	1,950	2,057
LION LOW TENSION						-	-	-	-
						-	-	-	-
CHEETAH HIGH TENSION TARIFF						96	103	108	114
CHEETAH HIGH TENSION TARIFF						71	76	80	85
CHEETAH HIGH TENSION TARIFF						76	82	86	91
CHEETAH HIGH TENSION TARIFF						2,421	2,587	2,726	2,876
						-	-	-	-
NYALA HIGH DEMAND SEASON						379	405	427	450
NYALA HIGH DEMAND SEASON						149	159	168	177
NYALA HIGH DEMAND SEASON						86	92	97	103
NYALA HIGH DEMAND SEASON						21	23	24	25
						-	-	-	-
NYALA LOW DEMAND SEASON		(fill in thresholds)				159	170	179	189
NYALA LOW DEMAND SEASON		(fill in thresholds)				114	122	128	135
NYALA LOW DEMAND SEASON		(fill in thresholds)				76	82	86	91
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							
		(fill in thresholds)							

MP326 City of Mbombela - Supporting Table SA14 Household bills

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework			
Rand/cent		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19 % incr.	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		–	–	–	344.20	344.20	344.20	–	344.20	362.79	382.74
Electricity: Basic levy		–	–	–	–	–	–				
Electricity: Consumption		–	–	–	1,500.56	1,500.56	1,500.56	6.8%	1,602.60	1,689.14	1,782.04
Water: Basic levy		–	–	–	101.95	101.95	101.95	6.8%	108.88	114.76	121.08
Water: Consumption		–	–	–	501.72	501.72	501.72	5.3%	528.31	556.84	587.46
Sanitation		–	–	–	161.64	161.64	161.64	5.3%	170.21	179.40	189.27
Refuse removal		–	–	–	177.14	177.14	177.14	5.3%	186.53	196.60	207.41
Other		–	–	–	–	–	–	–			
sub-total		–	–	–	2,787.20	2,787.20	2,787.20	5.5%	2,940.72	3,099.52	3,269.99
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total large household bill:		–	–	–	2,787.20	2,787.20	2,787.20	5.5%	2,940.72	3,099.52	3,269.99
% increase/-decrease			–	–	–	–	–		5.5%	5.4%	5.5%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		–	–	–	233.17	233.17	233.17	–	233.17	245.76	259.28
Electricity: Basic levy		–	–	–	–	–	–				
Electricity: Consumption		–	–	–	648.81	648.81	648.81	6.8%	692.93	730.35	770.52
Water: Basic levy		–	–	–	101.95	101.95	101.95	5.3%	107.36	113.15	119.38
Water: Consumption		–	–	–	397.19	397.19	397.19	5.3%	418.24	440.83	465.07
Sanitation		–	–	–	161.64	161.64	161.64	5.3%	170.21	179.40	189.27
Refuse removal		–	–	–	118.62	118.62	118.62	5.3%	124.90	131.65	138.89
Other		–	–	–	–	–	–	–			
sub-total		–	–	–	1,661.38	1,661.38	1,661.38	5.1%	1,746.81	1,841.14	1,942.40
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		–	–	–	1,661.38	1,661.38	1,661.38	5.1%	1,746.81	1,841.14	1,942.40
% increase/-decrease			–	–	–	–	–		5.1%	5.4%	5.5%
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		–	–	–	–	–	–	–	–	–	–
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		–	–	–	–	–	–	–	–	–	–
Water: Basic levy		–	–	–	–	–	–	–	–	–	–
Water: Consumption		–	–	–	–	–	–	–	–	–	–
Sanitation		–	–	–	–	–	–	–	–	–	–
Refuse removal		–	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
sub-total		–	–	–	–	–	–	–	–	–	–
VAT on Services		–	–	–	–	–	–	–	–	–	–
Total small household bill:		–	–	–	–	–	–	–	–	–	–
% increase/-decrease			–	–	–	–	–		–	–	–

MP326 City of Mbombela - Supporting Table SA15 Investment particulars by type

Investment type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)				21,796	20,509	53,000	53,000	58,433	64,422	71,025
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	–	–	21,796	20,509	53,000	53,000	58,433	64,422	71,025
Entities										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Entities sub-total		–	–	–	–	–	–	–	–	–
Consolidated total:		–	–	21,796	20,509	53,000	53,000	58,433	64,422	71,025

MP326 City of Mbombela - Supporting Table SA17 Borrowing

Borrowing - Categorised by type	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Parent municipality										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)				407,000	262,371	262,371	262,371	237,701	215,554	197,147
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	–	–	407,000	262,371	262,371	262,371	237,701	215,554	197,147
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	–	–	–	–	–	–	–	–	–
Total Borrowing	1	–	–	407,000	262,371	262,371	262,371	237,701	215,554	197,147

MP326 City of Mbombela - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		–	–	–	695,668	695,668	695,668	741,061	795,372	873,066
Local Government Equitable Share										
Energy Efficiency and Demand-side [Schedul		–	–	–	7,000	7,000	7,000	–	–	–
Equitable Share		–	–	–	608,678	608,678	608,678	661,329	720,518	793,825
Expanded Public Works Programme Integrate		–	–	–	6,714	6,714	6,714	8,240	–	–
Integrated National Electrification Programme		–	–	–	–	–	–	–	–	–
Local Government Financial Management Gra		–	–	–	3,400	3,400	3,400	3,470	3,500	3,500
Municipal Demarcation and Transition Grant [Sched		–	–	–	4,566	4,566	4,566	–	–	–
Municipal Infrastructure Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant [Schedule 5B]		–	–	–	14,910	14,910	14,910	19,849	14,511	15,374
Municipal Systems Improvement Grant [Schedule		–	–	–	–	–	–	–	–	–
Municipal Water Infrastructure Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Public Transport Network Operations Grant [Sched		–	–	–	50,400	50,400	50,400	48,173	56,843	60,368
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Municipal Demarcation Board		–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	–	–	–	695,668	695,668	695,668	741,061	795,372	873,066
Capital Transfers and Grants										
National Government:		–	–	–	597,302	584,710	584,710	536,992	494,937	565,563
Energy Efficiency and Demand-side		–	–	–	–	–	–	–	–	–
Energy Efficiency and Demand-side [Schedule 5B]		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme		–	–	–	31,000	31,000	31,000	31,045	15,428	16,431
Municipal Infrastructure Grant		–	–	–	325,029	325,029	325,029	317,131	287,917	321,266
Municipal Infrastructure Grant [Schedule 5B]		–	–	–	–	–	–	–	–	–
Municipal Water Infrastructure Grant		–	–	–	40,000	29,273	29,273	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	40,000	38,135	38,135	33,535	2,620	28,500
Public Transport Network Operations Grant [Sched		–	–	–	161,273	161,273	161,273	155,281	188,972	199,366
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	–	–	–	–	–	–
Total Capital Transfers and Grants	5	–	–	–	597,302	584,710	584,710	536,992	494,937	565,563
TOTAL RECEIPTS OF TRANSFERS & GRANTS		–	–	–	1,292,970	1,280,378	1,280,378	1,278,053	1,290,309	1,438,629

MP326 City of Mbombela - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		–	–	–	442,477	452,645	452,645	726,445	790,395	867,423
Local Government Equitable Share										
Energy Efficiency and Demand-side [Schedule 5B]		–	–	–	6,140	6,140	6,140	6,739	8,158	8,565
Equitable Share		–	–	–	333,953	357,577	357,577	661,329	720,518	793,825
Expanded Public Works Programme Integrated Gra		–	–	–	5,188	1,005	1,005	1,920	418	441
Integrated National Electrification Programme		–	–	–	–	–	–	–	–	–
Local Government Financial Management Grant [S		–	–	–	3,085	6,661	6,661	1,489	1,019	1,010
Municipal Demarcation and Transition Grant [Sched		–	–	–	4,187	9,952	9,952	7,793	8,214	8,666
Municipal Infrastructure Grant		–	–	–	39,522	20,910	20,910	9,175	9,658	10,172
Public Transport Network Operations Grant [Sched		–	–	–	50,400	50,400	50,400	38,000	42,410	44,743
Provincial Government:		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	4,566	–	–	–	–	–
Municipal Demarcation Board		–	–	–	4,566	–	–	–	–	–
Total operating expenditure of Transfers and Grants		–	–	–	447,043	452,645	452,645	726,445	790,395	867,423
Capital expenditure of Transfers and Grants										
National Government:		–	–	–	380,651	369,822	369,822	551,608	499,914	571,206
Integrated National Electrification Programme		–	–	–	27,193	27,193	27,193	31,045	15,428	16,431
Municipal Infrastructure Grant		–	–	–	283,282	283,282	283,282	331,747	290,644	307,851
Municipal Water Infrastructure Grant		–	–	–	35,088	25,862	25,862	–	2,250	708
Neighbourhood Development Partnership Grant		–	–	–	35,088	33,484	33,484	33,535	2,620	28,500
Public Transport Network Grant		–	–	–	–	–	–	155,281	188,972	199,366
Water Services Infrastructure Grant		–	–	–	–	–	–	–	–	18,350
Provincial Government:		–	–	–	–	–	–	–	–	–
								–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Other grant providers:		–	–	–	8,759	7,354	7,354	–	–	–
Developers Contribution		–	–	–	8,759	7,354	7,354	–	–	–
Total capital expenditure of Transfers and Grants		–	–	–	389,410	377,176	377,176	551,608	499,914	571,206
TOTAL EXPENDITURE OF TRANSFERS AND GRAN		–	–	–	836,453	829,821	829,821	1,278,053	1,290,309	1,438,629

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MP326 City of Mbombela - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Transfers to other municipalities											
Insert description	1										
Total Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Cash Transfers to Entities/Other External Mechanisms											
	2										
Total Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Cash Transfers to other Organs of State											
Nat Dpt Agen - Municipal Demarcat Board	3	–	–	–	4,566	–	–	–	–	–	–
Total Cash Transfers To Other Organs Of State:		–	–	–	4,566	–	–	–	–	–	–
Cash Transfers to Organisations											
Oth Trf-Unsp-Host Mbom Mayoral Cup Tour		–	–	–	–	–	–	–	–	–	–
Priv Ent: Oth Trf -Unspecified		–	–	39,271	29,238	28,738	28,738	10,500	28,738	30,290	31,956
Non Prof: Spca		–	–	–	–	–	–	–	–	–	–
Non Prof: Unspecified		–	–	–	82	89	89	84	82	87	91
N-Prof:Unsp - Events Support		–	–	–	1,108	775	775	452	775	817	862
N-Prof:Unsp - Mbombela Medp		–	–	–	700	490	490	–	490	516	545
N-Prof:Unsp - Support For Chambers		–	–	–	600	420	420	–	450	474	500
N-Prof:Unsp-Traditional Leader Supp Prog		–	–	–	111	211	211	160	211	222	234
Oth Trf-Unsp - Annual Sport Programmes		–	–	–	43	43	43	–	43	46	48
Oth Trf-Unsp - Barberton Commun Tourism		–	–	–	150	200	200	200	150	158	167
Oth Trf-Unsp - Events Support		–	–	–	1,511	1,058	1,058	400	1,058	1,115	1,176
Priv Ent: Oth Trf -Unspecified		–	–	–	7,722	6,710	6,710	51	691	728	768
Pub Corp O/Trf: Sa Bureau Of Standards		–	–	–	–	45	45	–	–	–	–
Total Cash Transfers To Organisations		–	–	39,271	41,264	38,778	38,778	11,847	32,688	34,453	36,348
Cash Transfers to Groups of Individuals											
Total Cash Transfers To Groups Of Individuals:		–	–	–	–	–	–	–	–	–	–
TOTAL CASH TRANSFERS AND GRANTS	6	–	–	39,271	45,830	38,778	38,778	11,847	32,688	34,453	36,348
Non-Cash Transfers to other municipalities											
	1										
Total Non-Cash Transfers To Municipalities:		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to Entities/Other External Mechanisms											
	2										
Total Non-Cash Transfers To Entities/Ems'		–	–	–	–	–	–	–	–	–	–
Non-Cash Transfers to other Organs of State											
	3										
Total Non-Cash Transfers To Other Organs Of State:		–	–	–	–	–	–	–	–	–	–
Non-Cash Grants to Organisations											
N-P Pub Sch: Section 20 Schools	4	–	–	–	–	62	62	59	–	–	–
Pub Corp O/Trf: Sa Bureau Of Standards		–	–	–	–	–	–	–	40	43	45
Total Non-Cash Grants To Organisations		–	–	–	–	62	62	59	40	43	45
Groups of Individuals											
Grant In Aid - Disaster Relief Fund	5	–	–	–	155	155	155	–	155	163	172
Hh Oth Trans: Housing - Unspecified		–	–	–	18	11	11	–	18	19	20
Hh Ssp Soc Ass: Poverty Relief		–	–	–	–	–	–	–	–	–	–
Hh: Bursaries Non-Employee Cash		–	–	–	843	2,005	2,005	1,655	2,005	2,114	2,230
Poverty Relief - Social Relieffood Secur		–	–	–	19	54	54	52	54	57	60
Social Relief - Cmmunity Works Progme		–	–	–	500	350	350	–	350	369	389
Total Non-Cash Grants To Groups Of Individuals:		–	–	–	1,535	2,575	2,575	1,707	2,582	2,721	2,871
TOTAL NON-CASH TRANSFERS AND GRANTS		–	–	–	1,535	2,637	2,637	1,766	2,622	2,764	2,916
TOTAL TRANSFERS AND GRANTS	6	–	–	39,271	47,365	41,415	41,415	13,613	35,310	37,217	39,264

MP326 City of Mbombela - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		–	–	–	14,398	561	561	591	623	657
Pension and UIF Contributions										
Medical Aid Contributions		–	–	–	175	10	10	10	11	11
Motor Vehicle Allowance		–	–	–	5,309	–	–	–	–	–
Cellphone Allowance		–	–	–	1,595	29	29	31	33	34
Housing Allowances										
Other benefits and allowances		–	–	–	18,120	38,998	38,998	41,064	43,282	45,662
Sub Total - Councillors		–	–	–	39,598	39,598	39,598	41,696	43,948	46,365
% increase	4		–	–	–	–	–	5.3%	5.4%	5.5%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		–	–	–	6,751	57,399	57,399	18,759	19,813	21,101
Pension and UIF Contributions		–	–	–	1,011	453	453	624	659	702
Medical Aid Contributions		–	–	–	172	115	115	217	229	244
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	–	–	–	1,537	2,283	2,283	3,529	3,727	3,969
Cellphone Allowance	3	–	–	–	288	338	338	488	516	549
Housing Allowances	3									
Other benefits and allowances	3	–	–	–	42	41	41	51	54	57
Payments in lieu of leave		–	–	–	–	–	–	–	–	–
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		–	–	–	9,802	60,628	60,628	23,667	24,998	26,622
% increase	4		–	–	–	518.5%	–	(61.0%)	5.6%	6.5%
Other Municipal Staff										
Basic Salaries and Wages		–	–	–	403,991	380,125	380,125	473,399	500,005	532,492
Pension and UIF Contributions		–	–	–	93,505	87,673	87,673	104,221	110,078	117,231
Medical Aid Contributions		–	–	–	35,583	36,716	36,716	47,707	50,388	53,662
Overtime		–	–	–	54,369	59,112	59,112	102,355	108,108	115,132
Performance Bonus		–	–	–	33,300	33,424	33,424	27,689	29,245	31,145
Motor Vehicle Allowance	3	–	–	–	33,863	35,020	35,020	50,032	52,844	56,277
Cellphone Allowance	3	–	–	–	3,552	3,750	3,750	5,451	5,758	6,132
Housing Allowances	3	–	–	–	4,355	4,303	4,303	4,044	4,271	4,549
Other benefits and allowances	3	–	–	–	25,241	25,036	25,036	34,940	36,904	39,302
Payments in lieu of leave		–	–	–	3,596	1,352	1,352	–	–	–
Long service awards										
Post-retirement benefit obligations	6	–	–	–	30,594	31,066	31,066	–	–	–
Sub Total - Other Municipal Staff		–	–	–	721,948	697,576	697,576	849,838	897,601	955,922
% increase	4		–	–	–	(3.4%)	–	21.8%	5.6%	6.5%
Total Parent Municipality		–	–	–	771,348	797,802	797,802	915,202	966,547	1,028,908
			–	–	–	3.4%	–	14.7%	5.6%	6.5%
TOTAL SALARY, ALLOWANCES & BENEFITS		–	–	–	771,348	797,802	797,802	915,202	966,547	1,028,908
% increase	4		–	–	–	3.4%	–	14.7%	5.6%	6.5%
TOTAL MANAGERS AND STAFF	5,7	–	–	–	731,750	758,204	758,204	873,505	922,599	982,543

MP326 City of Mbombela - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4	1	774,405	–	44,400			818,805
Chief Whip		1	726,005	–	300			726,305
Executive Mayor		1	968,008	–	3,700			971,708
Deputy Executive Mayor			–	–	–			–
Executive Committee			7,260,050	–	37,000			7 297,050
Total for all other councillors			31,560,667	–	321,900			31 882,567
Total Councillors	8	3	41,289,135	–	407,300			41 696,435
Senior Managers of the Municipality	5							
Municipal Manager (MM)			1,904,284	1,785	300,000	–		2 206,069
Chief Finance Officer			1,567,477	1,963	388,619	–		1 958,058
Deputy Municipal Manager : Auxilary services			1,424,979	1,785	353,290	–		1 780,053
Deputy Municipal Manager : Core Services			1,210,916	1,877	300,000	–		1 512,793
GM: Strategic Planning			1,052,551	99,992	240,000	–		1 392,543
GM: Water and Sanitation			1,010,453	202,091	180,000	–		1 392,543
GM: Public works			1,273,155	1,785	240,000	–		1 514,940
GM: Corporate Services			1,172,268	96,390	240,000	–		1 508,658
GM: Public Safety			878,408	1,785	350,000	–		1 230,193
GM: Energy			928,453	1,785	290,112	–		1 220,350
GM: City Plannning			901,217	265,088	144,000	–		1 310,305
GM: Community Services			985,607	1,877	350,000	–		1 337,484
GM:Legal Services			1,289,495	106,029	264,000	–		1 659,524
GM: Regional Cordinator			879,128	1,785	350,000	–		1 230,913
GM: Council Secretariat			1,273,155	1,785	240,000	–		1 514,940
Total Senior Managers of the Municipality	8,10	–	17,751,547	787,799	4,230,020	–		22 769,367
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	3	59,040,682	787,799	4,637,320	–		64 465,802

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MP326 City of Mbombela - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2016/17			Current Year 2017/18			Budget Year 2018/19		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		–	–	–	90	–	89			
Board Members of municipal entities	4	–	–	–	–	–	–	–	–	–
Municipal employees	5	–	–	–		–	–			
Municipal Manager and Senior Managers	3	–	–	–	15	–	11	15		13
Other Managers	7	–	–	–	108	76	–	181	90	
Professionals		–	–	–	*288*	*214*	–	*593*	*177*	–
Finance		–	–	–	65	53	–	99	43	
Spatial/town planning		–	–	–	25	17	–	53	18	
Information Technology		–	–	–	–	–	–	12	1	
Roads		–	–	–	11	7	–	21	8	
Electricity		–	–	–	15	12	–	91	10	
Water		–	–	–	16	11	–	56	1	
Sanitation		–	–	–	–	–	–			
Refuse		–	–	–	6	6	–	9	2	
Other		–	–	–	150	108	–	252	94	
Technicians		–	–	–	*545*	*398*	–	*1,059*	*408*	–
Finance		–	–	–	102	78	–	214	83	
Spatial/town planning		–	–	–	8	5	–	56	22	
Information Technology		–	–	–	–	–	–	1		
Roads		–	–	–	15	13	–	43	24	
Electricity		–	–	–	21	18	–	81	24	
Water		–	–	–	37	25	–	39	26	
Sanitation		–	–	–	–	–	–			
Refuse		–	–	–	11	8	–	44	16	
Other		–	–	–	351	251	–	581	213	
Clerks (Clerical and administrative)		–	–	–	150	117	–	496	172	
Service and sales workers		–	–	–	15	13	–	296	91	
Skilled agricultural and fishery workers		–	–	–	–	–	–			
Craft and related trades		–	–	–	–	–	–			
Plant and Machine Operators		–	–	–	364	241	–	917	316	
Elementary Occupations		–	–	–	826	714	–	1,403	682	
TOTAL PERSONNEL NUMBERS	9	–	–	–	2,401	1,773	100	4,960	1,936	13
% increase					–	–	–	106.6%	9.2%	(87.0%)
Total municipal employees headcount	6, 10	–	–	–	–	–	–	–	–	–
Finance personnel headcount	8, 10	–	–	–	207	161	1	–	–	–
Human Resources personnel headcount	8, 10	–	–	–	89	65	1	–	–	–

MP326 City of Mbombela - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source																
Property rates		49,226	49,226	49,226	49,226	49,226	49,226	49,226	49,226	49,226	49,226	49,226	49,226	590,717	633,248	681,375
Service charges - electricity revenue		77,194	77,194	77,194	77,194	77,194	77,194	77,194	77,194	77,194	77,194	77,194	77,194	926,325	976,347	1,030,046
Service charges - water revenue		7,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987	95,841	101,016	106,572
Service charges - sanitation revenue		2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	28,112	29,630	31,260
Service charges - refuse revenue		8,762	8,762	8,762	8,762	8,762	8,762	8,762	8,762	8,762	8,762	8,762	8,762	105,139	110,816	116,911
Service charges - other													-	-	-	-
Rental of facilities and equipment		1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	1,037	12,445	13,117	13,839
Interest earned - external investments		145	145	145	145	145	145	145	145	145	145	145	145	1,740	1,834	1,935
Interest earned - outstanding debtors		1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981	7,071	28,859	31,745	34,919
Dividends received													-	-	-	-
Fines, penalties and forfeits		697	697	697	697	697	697	697	697	697	697	697	697	8,363	8,815	9,299
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	198,143	198,143	208,843	220,329
Transfers and subsidies		61,755	61,755	61,755	61,755	61,755	61,755	61,755	61,755	61,755	61,755	61,755	61,755	741,061	795,372	873,066
Other revenue		2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	28,015	29,527	31,151
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and cont		213,460	213,460	213,460	213,460	213,460	213,460	213,460	213,460	213,460	213,460	213,460	416,694	2,764,759	2,940,311	3,150,703
Expenditure By Type																
Employee related costs		72,792	72,792	72,792	72,792	72,792	72,792	72,792	72,792	72,792	72,792	72,792	72,792	873,505	922,599	982,543
Remuneration of councillors		3,475	3,475	3,475	3,475	3,475	3,475	3,475	3,475	3,475	3,475	3,475	3,475	41,696	43,948	46,365
Debt impairment		13,561	13,561	13,561	13,561	13,561	13,561	13,561	13,561	13,561	13,561	13,561	13,561	162,736	163,655	173,982
Depreciation & asset impairment		2,790	2,790	2,790	2,790	2,790	2,790	2,790	2,790	2,790	2,790	2,790	509,871	540,557	567,585	596,964
Finance charges		3,337	3,337	3,337	3,337	3,337	3,337	3,337	3,337	3,337	3,337	3,337	3,337	40,039	37,010	27,978
Bulk purchases		61,349	61,349	61,349	61,349	61,349	61,349	61,349	61,349	61,349	61,349	61,349	61,349	736,187	794,583	857,668
Other materials		4,628	4,628	4,628	4,628	4,628	4,628	4,628	4,628	4,628	4,628	4,628	4,658	55,567	58,552	61,761
Contracted services		40,308	40,308	40,308	40,308	40,308	40,308	40,308	40,308	40,308	40,308	40,308	73,340	516,727	502,011	520,237
Transfers and subsidies		2,939	2,939	2,939	2,939	2,939	2,939	2,939	2,939	2,939	2,939	2,939	2,979	35,310	37,217	39,264
Other expenditure		21,266	21,266	21,266	21,266	21,266	21,266	21,266	21,266	21,266	21,266	21,266	21,806	255,735	262,838	298,036
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	767,168	3,258,060	3,389,997	3,603,798
Surplus/(Deficit)		(12,984)	(12,984)	(12,984)	(12,984)	(12,984)	(12,984)	(12,984)	(12,984)	(12,984)	(12,984)	(12,984)	(350,474)	(493,301)	(449,686)	(453,095)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		31,809	31,809	31,809	31,809	31,809	31,809	31,809	31,809	31,809	31,809	31,809	187,091	536,992	494,937	566,563
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)													-	-	-	-
Transfers and subsidies - capital (in-kind - all)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	(163,384)	43,691	45,250	112,468
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	(163,384)	43,691	45,250	112,468

MP326 City of Mbombela - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote																
Vote 01 - Council		0	0	0	0	0	0	0	0	0	0	0	0	5	6	6
Vote 02 - Office Of Council		49	49	49	49	49	49	49	49	49	49	49	49	594	626	660
Vote 03 - Municipal Manager		352	352	352	352	352	352	352	352	352	352	352	352	4,223	4,451	4,696
Vote 04 - City Planning And Development Department		633	633	633	633	633	633	633	633	633	633	633	633	7,591	8,001	8,441
Vote 05 - Corporate Services Department		50	50	50	50	50	50	50	50	50	50	50	50	598	631	665
Vote 06 - Strategic Management Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 07 - Financial Management		108,586	108,586	108,586	108,586	108,586	108,586	108,586	108,586	108,586	108,586	108,586	113,677	1,308,128	1,414,047	1,540,033
Vote 08 - Legal Services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 09 - Regional Centre Coordination		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 10 - Community Services		9,859	9,859	9,859	9,859	9,859	9,859	9,859	9,859	9,859	9,859	9,859	9,859	118,312	116,016	122,397
Vote 11 - Public Works, Roads And Transport		34,891	34,891	34,891	34,891	34,891	34,891	34,891	34,891	34,891	34,891	34,891	190,172	573,969	550,863	624,873
Vote 12 - Public Safety		736	736	736	736	736	736	736	736	736	736	736	198,879	206,970	218,147	230,145
Vote 13 - Water And Sanitation		10,333	10,333	10,333	10,333	10,333	10,333	10,333	10,333	10,333	10,333	10,333	10,333	123,998	130,694	137,882
Vote 14 - Energy		79,780	79,780	79,780	79,780	79,780	79,780	79,780	79,780	79,780	79,780	79,780	79,780	957,362	991,766	1,046,468
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue by Vote		245,270	245,270	245,270	245,270	245,270	245,270	245,270	245,270	245,270	245,270	245,270	603,784	3,301,751	3,435,248	3,716,266
Expenditure by Vote to be appropriated																
Vote 01 - Council		5,563	5,563	5,563	5,563	5,563	5,563	5,563	5,563	5,563	5,563	5,563	8,772	69,965	71,669	75,937
Vote 02 - Office Of Council		2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263	2,263	3,518	28,414	27,895	29,894
Vote 03 - Municipal Manager		8,345	8,345	8,345	8,345	8,345	8,345	8,345	8,345	8,345	8,345	8,345	23,842	115,636	118,348	125,231
Vote 04 - City Planning And Development Department		7,242	7,242	7,242	7,242	7,242	7,242	7,242	7,242	7,242	7,242	7,242	42,490	122,149	128,130	131,048
Vote 05 - Corporate Services Department		8,754	8,754	8,754	8,754	8,754	8,754	8,754	8,754	8,754	8,754	8,754	13,354	109,645	115,994	121,608
Vote 06 - Strategic Management Services		3,102	3,102	3,102	3,102	3,102	3,102	3,102	3,102	3,102	3,102	3,102	5,012	39,130	41,298	43,862
Vote 07 - Financial Management		20,662	20,662	20,662	20,662	20,662	20,662	20,662	20,662	20,662	20,662	20,662	35,338	262,620	272,197	289,512
Vote 08 - Legal Services		173	173	173	173	173	173	173	173	173	173	173	173	2,071	2,183	2,309
Vote 09 - Regional Centre Coordination		1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	1,405	4,109	19,562	19,539	20,571
Vote 10 - Community Services		32,611	32,611	32,611	32,611	32,611	32,611	32,611	32,611	32,611	32,611	32,611	107,381	466,096	488,529	515,750
Vote 11 - Public Works, Roads And Transport		18,020	18,020	18,020	18,020	18,020	18,020	18,020	18,020	18,020	18,020	18,020	241,690	439,909	438,051	454,395
Vote 12 - Public Safety		23,097	23,097	23,097	23,097	23,097	23,097	23,097	23,097	23,097	23,097	23,097	78,596	332,661	336,361	376,273
Vote 13 - Water And Sanitation		23,201	23,201	23,201	23,201	23,201	23,201	23,201	23,201	23,201	23,201	23,201	92,992	348,199	366,939	386,591
Vote 14 - Energy		72,009	72,009	72,009	72,009	72,009	72,009	72,009	72,009	72,009	72,009	72,009	109,903	902,004	962,863	1,030,816
Vote 15 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote		226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	767,168	3,258,060	3,389,997	3,603,798
Surplus/(Deficit) before assoc.		18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	(163,384)	43,691	45,250	112,468
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	(163,384)	43,691	45,250	112,468

MP326 City of Mbombela - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue - Functional																
Governance and administration		109,092	109,092	109,092	109,092	109,092	109,092	109,092	109,092	109,092	109,092	109,092	114,183	1,314,200	1,420,447	1,546,784
Executive and council		72	72	72	72	72	72	72	72	72	72	72	72	865	911	962
Finance and administration		109,020	109,020	109,020	109,020	109,020	109,020	109,020	109,020	109,020	109,020	109,020	114,111	1,313,335	1,419,535	1,545,823
Internal audit		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Community and public safety		422	422	422	422	422	422	422	422	422	422	422	422	5,067	5,340	5,634
Community and social services		65	65	65	65	65	65	65	65	65	65	65	65	784	826	872
Sport and recreation		346	346	346	346	346	346	346	346	346	346	346	346	4,149	4,373	4,614
Public safety		11	11	11	11	11	11	11	11	11	11	11	11	133	141	148
Housing		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Health													–	–	–	–
Economic and environmental services		35,864	35,864	35,864	35,864	35,864	35,864	35,864	35,864	35,864	35,864	35,864	389,288	783,789	772,013	858,187
Planning and development		35,140	35,140	35,140	35,140	35,140	35,140	35,140	35,140	35,140	35,140	35,140	190,421	576,963	554,019	628,202
Road transport		724	724	724	724	724	724	724	724	724	724	724	198,866	206,826	217,994	229,984
Environmental protection		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Trading services		99,891	99,891	99,891	99,891	99,891	99,891	99,891	99,891	99,891	99,891	99,891	99,891	1,198,696	1,237,447	1,305,661
Energy sources		79,780	79,780	79,780	79,780	79,780	79,780	79,780	79,780	79,780	79,780	79,780	79,780	957,362	991,766	1,046,468
Water management		8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	99,843	105,234	111,022
Waste water management		2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	28,112	29,630	31,260
Waste management		9,448	9,448	9,448	9,448	9,448	9,448	9,448	9,448	9,448	9,448	9,448	9,448	113,379	110,816	116,911
Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue - Functional		245,270	245,270	245,270	245,270	245,270	245,270	245,270	245,270	245,270	245,270	245,270	603,784	3,301,751	3,435,248	3,716,266
Expenditure - Functional																
Governance and administration		53,483	53,483	53,483	53,483	53,483	53,483	53,483	53,483	53,483	53,483	53,483	84,698	673,016	688,493	728,072
Executive and council		12,572	12,572	12,572	12,572	12,572	12,572	12,572	12,572	12,572	12,572	12,572	18,836	157,130	161,520	171,552
Finance and administration		40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	40,500	64,873	510,373	520,498	549,660
Internal audit		411	411	411	411	411	411	411	411	411	411	411	989	5,514	6,475	6,861
Community and public safety		18,589	18,589	18,589	18,589	18,589	18,589	18,589	18,589	18,589	18,589	18,589	110,152	314,632	324,363	342,691
Community and social services		4,873	4,873	4,873	4,873	4,873	4,873	4,873	4,873	4,873	4,873	4,873	10,502	64,104	67,355	71,346
Sport and recreation		9,497	9,497	9,497	9,497	9,497	9,497	9,497	9,497	9,497	9,497	9,497	90,395	194,863	198,428	209,425
Public safety		3,304	3,304	3,304	3,304	3,304	3,304	3,304	3,304	3,304	3,304	3,304	7,370	43,711	46,211	49,291
Housing		915	915	915	915	915	915	915	915	915	915	915	1,885	11,954	12,368	12,628
Health													–	–	–	–
Economic and environmental services		37,972	37,972	37,972	37,972	37,972	37,972	37,972	37,972	37,972	37,972	37,972	221,987	639,675	643,082	689,638
Planning and development		9,909	9,909	9,909	9,909	9,909	9,909	9,909	9,909	9,909	9,909	9,909	56,424	165,420	168,222	167,973
Road transport		27,297	27,297	27,297	27,297	27,297	27,297	27,297	27,297	27,297	27,297	27,297	164,797	465,066	465,494	511,801
Environmental protection		766	766	766	766	766	766	766	766	766	766	766	766	9,189	9,366	9,863
Trading services		115,156	115,156	115,156	115,156	115,156	115,156	115,156	115,156	115,156	115,156	115,156	332,232	1,598,945	1,700,983	1,808,420
Energy sources		72,009	72,009	72,009	72,009	72,009	72,009	72,009	72,009	72,009	72,009	72,009	112,925	905,026	966,036	1,034,148
Water management		21,765	21,765	21,765	21,765	21,765	21,765	21,765	21,765	21,765	21,765	21,765	78,432	317,850	333,179	352,355
Waste water management		2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	2,731	105,846	135,890	144,412	150,411
Waste management		18,650	18,650	18,650	18,650	18,650	18,650	18,650	18,650	18,650	18,650	18,650	35,028	240,178	257,355	271,506
Other		1,245	1,245	1,245	1,245	1,245	1,245	1,245	1,245	1,245	1,245	1,245	18,100	31,791	33,077	34,978
Total Expenditure - Functional		226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	226,445	767,168	3,258,060	3,389,997	3,603,798
Surplus/(Deficit) before assoc.		18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	(163,384)	43,691	45,250	112,468
Share of surplus/ (deficit) of associate		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit)	1	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	18,825	(163,384)	43,691	45,250	112,468

MP326 City of Mbombela - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Multi-year expenditure *to be appropriated*	1															
Vote 01 - Council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 02 - Office Of Council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 03 - Municipal Manager		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 04 - City Planning And Development Department		–	–	–	–	–	–	–	–	–	–	–	2,000	2,000	4,000	5,500
Vote 05 - Corporate Services Department		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 06 - Strategic Management Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 07 - Financial Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 08 - Legal Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 09 - Regional Centre Coordination		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Community Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 11 - Public Works, Roads And Transport		–	–	–	–	–	–	–	–	–	–	–	174,531	174,531	247,622	231,816
Vote 12 - Public Safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Water And Sanitation		–	–	–	–	–	–	–	–	–	–	–	32,189	32,189	43,880	26,127
Vote 14 - Energy		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	2	–	–	–	–	–	–	–	–	–	–	–	208,720	208,720	295,502	263,443
Single-year expenditure *to be appropriated*																
Vote 01 - Council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 02 - Office Of Council		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 03 - Municipal Manager		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 04 - City Planning And Development Department		3,678	3,678	3,678	3,678	3,678	3,678	3,678	3,678	3,678	3,678	3,678	3,678	44,140	17,620	43,500
Vote 05 - Corporate Services Department		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 06 - Strategic Management Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 07 - Financial Management		124	124	124	124	124	124	124	124	124	124	124	124	1,490	1,000	1,000
Vote 08 - Legal Services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 09 - Regional Centre Coordination		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 10 - Community Services		–	–	–	–	–	–	–	–	–	–	–	1,000	1,000	–	–
Vote 11 - Public Works, Roads And Transport		17,841	17,841	17,841	17,841	17,841	17,841	17,841	17,841	17,841	17,841	17,841	21,841	218,091	188,300	230,106
Vote 12 - Public Safety		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vote 13 - Water And Sanitation		8,437	8,437	8,437	8,437	8,437	8,437	8,437	8,437	8,437	8,437	8,437	8,437	101,246	105,486	111,290
Vote 14 - Energy		1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,708	15,000	15,428	16,431
Vote 15 - Other		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	2	31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	36,789	380,967	327,834	402,327
Total Capital Expenditure	2	31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	245,509	589,687	623,335	665,770

MP326 City of Mbombela - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital Expenditure - Functional	1															
Governance and administration		124	124	124	124	124	124	124	124	124	124	124	124	1,490	1,000	1,000
Executive and council		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance and administration		124	124	124	124	124	124	124	124	124	124	124	124	1,490	1,000	1,000
Internal audit													-	-	-	-
Community and public safety		3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	3,180	4,180	39,160	34,297	11,892
Community and social services		1,958	1,958	1,958	1,958	1,958	1,958	1,958	1,958	1,958	1,958	1,958	1,958	23,500	17,500	-
Sport and recreation		1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	1,222	2,222	15,660	16,797	11,892
Public safety		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health													-	-	-	-
Economic and environmental services		12,883	12,883	12,883	12,883	12,883	12,883	12,883	12,883	12,883	12,883	12,883	193,414	335,128	376,216	466,230
Planning and development		3,045	3,045	3,045	3,045	3,045	3,045	3,045	3,045	3,045	3,045	3,045	41,158	74,648	105,423	107,986
Road transport		9,839	9,839	9,839	9,839	9,839	9,839	9,839	9,839	9,839	9,839	9,839	152,256	260,480	270,793	358,244
Environmental protection													-	-	-	-
Trading services		14,468	14,468	14,468	14,468	14,468	14,468	14,468	14,468	14,468	14,468	14,468	47,157	206,304	211,823	186,648
Energy sources		1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,208	1,708	15,000	15,428	16,431
Water management		10,765	10,765	10,765	10,765	10,765	10,765	10,765	10,765	10,765	10,765	10,765	31,705	150,125	140,366	112,617
Waste water management		2,494	2,494	2,494	2,494	2,494	2,494	2,494	2,494	2,494	2,494	2,494	13,744	41,179	56,029	57,600
Waste management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-	-	7,605	7,605	-	-
Total Capital Expenditure - Functional	2	30,655	30,655	30,655	30,655	30,655	30,655	30,655	30,655	30,655	30,655	30,655	252,480	589,687	623,335	665,770
Funded by:																
National Government		28,325	28,325	28,325	28,325	28,325	28,325	28,325	28,325	28,325	28,325	28,325	210,365	521,937	519,085	590,562
Provincial Government		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		28,325	28,325	28,325	28,325	28,325	28,325	28,325	28,325	28,325	28,325	28,325	210,365	521,937	519,085	590,562
Public contributions & donations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds		2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964	2,964	35,144	67,750	104,250	75,208
Total Capital Funding		31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	31,289	245,509	589,687	623,335	665,770

MP326 City of Mbombela - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash Receipts By Source													1		
Property rates	39,226	49,226	37,226	45,226	46,226	48,226	48,226	47,226	49,226	44,226	36,226	41,155	531,645	576,256	620,051
Service charges - electricity revenue	67,194	70,194	67,194	76,194	72,194	71,194	76,194	70,194	72,194	73,194	61,194	56,561	833,693	869,965	917,680
Service charges - water revenue	1,987	2,987	7,987	4,987	7,987	7,987	7,987	7,987	7,987	7,987	7,987	12,403	86,257	91,925	96,980
Service charges - sanitation revenue	1,343	1,343	1,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,343	2,531	25,301	26,964	28,447
Service charges - refuse revenue	4,762	6,762	6,762	7,762	8,762	8,762	8,762	8,762	8,762	8,762	8,762	7,248	94,625	100,843	106,389
Service charges - other	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	537	737	1,037	837	1,037	937	737	637	1,037	1,037	1,037	1,593	11,201	11,806	12,455
Interest earned - external investments	145	145	145	145	145	145	145	145	145	145	145	145	1,740	1,834	1,935
Interest earned - outstanding debtors	1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981	1,981	4,185	25,973	28,888	31,777
Dividends received												–	–	–	–
Fines, penalties and forfeits	356	257	125	251	352	369	453	526	586	536	654	132	4,600	4,848	5,115
Licences and permits												–	–	–	–
Agency services	16,125	7,452	6,954	16,582	18,625	19,855	15,258	12,352	15,895	17,855	18,453	12,921	178,329	187,958	198,296
Transfer receipts - operational	9,755	11,755	61,755	61,755	61,755	61,755	61,755	61,755	61,755	61,755	61,755	178,810	756,116	794,372	872,066
Other revenue	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	2,335	36,184	61,864	81,119	82,080
Cash Receipts by Source	145,745	155,173	194,843	220,397	223,742	225,887	226,175	216,242	224,245	222,154	202,871	353,868	2,611,342	2,776,777	2,973,272
Other Cash Flows by Source															
Transfer receipts - capital												521,937	521,937	495,937	566,563
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)												–	–	–	–
Proceeds on disposal of PPE												–	–	2,106	–
Short term loans												–	–	–	–
Borrowing long term/refinancing												–	–	–	–
Increase (decrease) in consumer deposits												–	–	–	–
Decrease (Increase) in non-current debtors												15,000	15,000	–	–
Decrease (increase) other non-current receivables												126,054	126,054	130,299	120,190
Decrease (increase) in non-current investments												–	–	–	–
Total Cash Receipts by Source	145,745	155,173	194,843	220,397	223,742	225,887	226,175	216,242	224,245	222,154	202,871	1,016,859	3,274,333	3,405,119	3,660,025
Cash Payments by Type															
Employee related costs												800,713	800,713	861,532	864,569
Remuneration of councillors												38,222	38,222	41,039	78,597
Finance charges												37,165	37,165	33,532	24,153
Bulk purchases - Electricity												632,225	632,225	679,357	733,706
Bulk purchases - Water & Sewer												46,036	46,036	49,010	52,490
Other materials												55,501	55,501	58,498	61,716
Contracted services												516,927	516,927	502,777	521,337
Transfers and grants - other municipalities												–	–	–	–
Transfers and grants - other												35,270	35,270	37,174	39,219
Other expenditure												552,365	552,365	645,481	695,899
Cash Payments by Type	–	–	–	–	–	–	–	–	–	–	–	2,714,424	2,714,424	2,908,402	3,071,685
Other Cash Flows/Payments by Type															
Capital assets		12,525	13,526	15,285	21,585	36,855	45,285	52,845	65,845	52,846	152,845	86,495	555,937	474,377	565,784
Repayment of borrowing	2,271	2,271	2,271	2,271	2,271	2,271	2,271	2,271	2,271	2,271	2,271	2,271	27,247	29,302	17,515
Other Cash Flows/Payments			2,864									–	2,864	3,016	3,176
Total Cash Payments by Type	2,271	14,795	18,661	17,556	23,855	39,125	47,556	55,116	68,116	55,116	155,116	2,803,189	3,300,472	3,415,097	3,658,160
NET INCREASE/(DECREASE) IN CASH HELD	143,475	140,378	176,182	202,841	199,886	186,761	178,619	161,127	156,129	167,038	47,755	(1,786,330)	(26,139)	(9,978)	1,865
Cash/cash equivalents at the month/year begin:	147,420	290,895	431,272	607,454	810,296	1,010,182	1,196,943	1,375,562	1,536,689	1,692,818	1,859,856	1,907,611	147,420	121,281	111,303
Cash/cash equivalents at the month/year end:	290,895	431,272	607,454	810,296	1,010,182	1,196,943	1,375,562	1,536,689	1,692,818	1,859,856	1,907,611	121,281	121,281	111,303	113,168

MP326 City of Mbombela - Supporting Table SA34a Capital expenditure on new assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		–	–	227,923	262,939	327,271	327,271	319,540	359,127	360,114
Roads Infrastructure		–	–	137,337	152,597	171,527	171,527	198,679	249,196	256,706
Roads		–	–	101,274	112,527	129,358	129,358	161,207	178,268	190,395
Road Structures		–	–	13,107	14,564	19,304	19,304	26,646	35,474	40,171
Road Furniture		–	–	22,956	25,507	22,865	22,865	10,826	35,455	26,140
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	–	16,462	18,291	29,270	29,270	17,083	20,500	17,800
Drainage Collection		–	–	16,462	18,291	29,270	29,270	17,083	20,500	17,800
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	28,606	33,654	37,182	37,182	21,403	19,522	21,431
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	2,380	2,800	2,600	2,600	4,500	4,788	5,099
HV Switching Station		–	–	2,380	2,800	2,800	2,800	5,000	5,320	5,666
HV Transmission Conductors		–	–	1,020	1,200	1,200	1,200	5,000	5,320	5,666
MV Substations		–	–	–	–	650	650	–	–	–
MV Switching Stations		–	–	170	200	200	200	–	–	–
MV Networks		–	–	9,514	11,193	10,911	10,911	–	–	–
LV Networks		–	–	13,142	15,461	18,598	18,598	4,903	4,094	5,000
Capital Spares		–	–	–	–	223	223	2,000	–	–
Water Supply Infrastructure		–	–	25,848	32,309	51,370	51,370	68,279	46,680	45,677
Dams and Weirs		–	–	332	415	414	414	–	–	–
Boreholes		–	–	2,400	3,000	3,000	3,000	–	–	–
Reservoirs		–	–	702	877	879	879	–	3,000	7,000
Pump Stations		–	–	–	–	3,162	3,162	–	–	–
Water Treatment Works		–	–	20,814	26,018	22,231	22,231	27,940	11,000	–
Bulk Mains		–	–	–	–	–	–	–	–	–
Distribution		–	–	–	–	7,000	7,000	40,339	30,680	38,677
Distribution Points		–	–	1,600	2,000	14,684	14,684	–	2,000	–
PRV Stations				-						
Capital Spares										
Sanitation Infrastructure		–	–	19,669	24,587	29,422	29,422	14,096	23,229	18,500
Pump Station		–	–	3,146	3,933	2,568	2,568	–	–	–
Reticulation		–	–	421	526	526	526	6,750	16,700	17,500
Waste Water Treatment Works		–	–	–	–	1,408	1,408	–	500	1,000
Outfall Sewers		–	–	11,462	14,328	20,170	20,170	7,346	6,029	–
Toilet Facilities		–	–	4,640	5,800	4,750	4,750	–	–	–
Capital Spares				–						
Solid Waste Infrastructure		–	–	–	–	8,000	8,000	–	–	–
Landfill Sites										
Waste Transfer Stations		–	–	–	–	8,000	8,000	–	–	–
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	1,500	500	500	–	–	–
Data Centres										
Core Layers		–	–	–	1,500	500	500	–	–	–
Distribution Layers										
Capital Spares										

Community Assets	–	–	51,001	68,002	75,178	75,178	57,863	57,790	45,623
Community Facilities	–	–	51,001	68,002	74,680	74,680	57,863	57,790	45,623
Halls	–	–	12,365	16,487	6,602	6,602	26,500	22,000	1,300
Centres	–	–	4,275	5,700	4,659	4,659	7,605	–	–
Crèches			–						
Clinics/Care Centres			–						
Fire/Ambulance Stations	–	–	–	–	413	413	–	–	–
Testing Stations			–						
Museums			–						
Galleries			–						
Theatres	–	–	–	–	154	154	–	–	–
Libraries	–	–	600	800	400	400	–	–	–
Cemeteries/Crematoria			–						
Police	–	–	–	–	7,202	7,202	–	–	–
Parks			–						
Public Open Space	–	–	1,361	1,815	847	847	1,500	2,000	3,000
Nature Reserves			–						
Public Ablution Facilities			–						
Markets	–	–	–	–	1,887	1,887	1,000	2,000	2,500
Stalls	–	–	2,775	3,700	3,070	3,070	3,000	15,000	15,000
Abattoirs			–						
Airports			–						
Taxi Ranks/Bus Terminals	–	–	29,625	39,500	49,446	49,446	18,258	16,790	23,823
Capital Spares									
Sport and Recreation Facilities	–	–	–	–	497	497	–	–	–
Indoor Facilities	–	–	–	–	497	497	–	–	–
Outdoor Facilities									
Capital Spares									
Heritage assets	–	–	–	–	401	401	–	–	–
Monuments									
Historic Buildings									
Works of Art									
Conservation Areas									
Other Heritage	–	–	–	–	401	401	–	–	–
Investment properties	–	–	–	–	–	–	–	–	–
Revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Non-revenue Generating	–	–	–	–	–	–	–	–	–
Improved Property									
Unimproved Property									
Other assets	–	–	2,707	6,702	7,034	7,034	–	–	–
Operational Buildings	–	–	2,707	4,512	7,034	7,034	–	–	–
Municipal Offices	–	–	2,707	4,512	6,067	6,067	–	–	–
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Yards									
Stores	–	–	–	–	968	968	–	–	–
Laboratories									
Training Centres									
Manufacturing Plant									
Depots									
Capital Spares									
Housing	–	–	–	2,190	–	–	–	–	–
Staff Housing									
Social Housing	–	–	–	2,190	–	–	–	–	–
Capital Spares									
Biological or Cultivated Assets	–	–	–	–	–	–	–	–	–

Intangible Assets		-	-	9,238	11,547	2,560	2,560	-	-	-
Servitudes										
Licences and Rights		-	-	9,238	11,547	2,560	2,560	-	-	-
Water Rights										
Effluent Licenses										
Solid Waste Licenses		-	-	-	-	250	250	-	-	-
Computer Software and Applications		-	-	4,160	5,200	2,310	2,310	-	-	-
Load Settlement Software Applications				-						
Unspecified		-	-	5,078	6,347	-	-	-	-	-
Computer Equipment		-	-	3,384	4,230	2,981	2,981	-	-	-
Computer Equipment		-	-	3,384	4,230	2,981	2,981	-	-	-
Furniture and Office Equipment		-	-	783	870	3,249	3,249	-	-	-
Furniture and Office Equipment		-	-	783	870	3,249	3,249	-	-	-
Machinery and Equipment		-	-	3,758	4,421	2,480	2,480	-	2,500	-
Machinery and Equipment		-	-	3,758	4,421	2,480	2,480	-	2,500	-
Transport Assets		-	-	3,848	4,050	10,861	10,861	1,000	3,000	-
Transport Assets		-	-	3,848	4,050	10,861	10,861	1,000	3,000	-
Libraries		-	-	-	200	-	-	-	-	-
Libraries		-	-	-	200	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on new assets	1	-	-	302,642	362,961	432,014	432,014	378,403	422,417	405,738

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MP326 City of Mbombela - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	138,188	8,702	13,002	13,002	54,926	74,592	85,026
Roads Infrastructure		–	–	130,820	–	–	–	16,017	28,398	29,960
Roads		–	–	130,820	–	–	–	12,863	25,153	26,536
Road Structures										
Road Furniture										
Capital Spares		–	–	–	–	–	–	3,154	3,246	3,424
Storm water Infrastructure		–	–	–	–	560	560	–	–	–
Drainage Collection		–	–	–	–	560	560	–	–	–
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	600	–	–	–	–	–
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks		–	–	–	600	–	–	–	–	–
Capital Spares										
Water Supply Infrastructure		–	–	5,942	6,603	9,360	9,360	13,680	22,174	22,174
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works		–	–	2,107	2,341	1,601	1,601	–	–	–
Bulk Mains				-						
Distribution		–	–	3,836	4,262	6,760	6,760	13,680	22,174	22,174
Distribution Points				-						
PRV Stations				-						
Capital Spares		–	–	-	–	1,000	1,000	–	–	–
Sanitation Infrastructure		–	–	1,425	1,500	3,082	3,082	–	–	–
Pump Station		–	–	238	250	540	540	–	–	–
Reticulation		–	–	–	–	–	–	–	–	–
Waste Water Treatment Works		–	–	713	750	1,690	1,690	–	–	–
Outfall Sewers		–	–	475	500	852	852	–	–	–
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	11,826	10,171	17,840
Rail Lines										
Rail Structures		–	–	–	–	–	–	11,826	10,171	17,840
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	11,038	10,415	12,484
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares		–	–	–	–	–	–	11,038	10,415	12,484
Information and Communication Infrastructure		–	–	–	–	–	–	2,365	3,434	2,568
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares		–	–	–	–	–	–	2,365	3,434	2,568

Community Assets		–	–	–	900	800	800	–	–		–
Community Facilities		–	–	–	900	800	800	–	–		–
Halls		–	–	–	900	800	800	–	–		–
Centres											
Crèches											
Clinics/Care Centres											
Fire/Ambulance Stations											
Testing Stations											
Museums											
Galleries											
Theatres											
Libraries											
Cemeteries/Crematoria											
Police											
Parks											
Public Open Space											
Nature Reserves											
Public Ablution Facilities											
Markets											
Stalls											
Abattoirs											
Airports											
Taxi Ranks/Bus Terminals											
Capital Spares											
Sport and Recreation Facilities		–	–	–	–	–	–	–	–		–
Indoor Facilities											
Outdoor Facilities											
Capital Spares											
Heritage assets		–	–	–	–	–	–	–	–		–
Monuments											
Historic Buildings											
Works of Art											
Conservation Areas											
Other Heritage		–	–	–	–	–	–	–	–		–
Investment properties		–	–	–	–	–	–	–	–		–
Revenue Generating		–	–	–	–	–	–	–	–		–
Improved Property											
Unimproved Property											
Non-revenue Generating		–	–	–	–	–	–	–	–		–
Improved Property											
Unimproved Property											
Other assets		–	–	–	–	–	–	–	–		–
Operational Buildings		–	–	–	–	–	–	–	–		–
Municipal Offices											
Pay/Enquiry Points											
Building Plan Offices											
Workshops											
Yards											
Stores											
Laboratories											
Training Centres											
Manufacturing Plant											
Depots											
Capital Spares											
Housing		–	–	–	–	–	–	–	–		–
Staff Housing											
Social Housing											
Capital Spares											
Biological or Cultivated Assets		–	–	–	–	–	–	–	–		–
Biological or Cultivated Assets											
Intangible Assets		–	–	–	–	–	–	–	–		–
Servitudes											
Licences and Rights		–	–	–	–	–	–	–	–		–
Water Rights											
Effluent Licenses											
Solid Waste Licenses											
Computer Software and Applications											
Load Settlement Software Applications											
Unspecified											
Computer Equipment		–	–	–	–	–	–	–	–		–
Computer Equipment											
Furniture and Office Equipment		–	–	–	–	30	30	–	–		–
Furniture and Office Equipment		–	–	–	–	30	30	–	–		–
Machinery and Equipment		–	–	–	–	–	–	–	–		–
Machinery and Equipment											
Transport Assets		–	–	–	–	–	–	–	–		–
Transport Assets											
Libraries		–	–	–	–	–	–	–	–		–
Libraries											
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals											
Total Capital Expenditure on renewal of existing	1	–	–	138,188	9,602	13,832	13,832	54,926	74,592		85,026
Renewal of Existing Assets as % of total capex		*0.0%*	*0.0%*	*22.7%*	*1.6%*	*2.3%*	*2.3%*	*9.3%*	*12.0%*		*12.8%*
Renewal of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*30.4%*	*3.7%*	*2.7%*	*2.7%*	*10.7%*	*13.8%*		*15.0%*

MP326 City of Mbombela - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		–	–	145,915	163,172	165,427	165,427	192,070	214,034	295,723
Roads Infrastructure		–	–	70,894	78,771	78,771	78,771	64,587	58,433	70,797
Roads				70,894	78,771	78,771	78,771	59,401	43,318	45,425
Road Structures								5,186	15,115	25,372
Road Furniture										
Capital Spares										
Storm w ater Infrastructure		–	–	10,563	11,736	11,736	11,736	12,310	12,435	25,569
Drainage Collection				10,563	11,736	11,736	11,736	12,310	12,435	25,569
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	17,742	19,714	22,669	22,669	32,910	33,579	54,291
Power Plants		–	–	1,096	1,217	817	817	865	909	955
HV Substations		–	–	1,489	1,654	1,554	1,554	11,350	11,418	21,488
HV Switching Station		–	–	900	1,000	10,797	10,797	–	–	–
HV Transmission Conductors		–	–	9,787	10,875	6,693	6,693	7,306	7,687	18,093
MV Substations				–						
MV Switching Stations		–	–	1,190	1,322	1,222	1,222	1,290	1,355	11,422
MV Networks				–						
LV Networks		–	–	3,281	3,646	1,586	1,586	12,099	12,211	12,331
Capital Spares										
Water Supply Infrastructure		–	–	28,075	31,194	31,194	31,194	40,905	52,358	53,918
Dams and Weirs								3,140	3,148	3,156
Boreholes								18	19	20
Reservoirs										
Pump Stations								15,652	15,958	26,285
Water Treatment Works				15,949	17,721	17,721	17,721	20,847	31,973	23,181
Bulk Mains										
Distribution				12,126	13,473	13,473	13,473	1,248	1,261	1,276
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	16,253	18,059	17,959	17,959	20,700	23,506	35,389
Pump Station				6,063	6,737	6,737	6,737	7,410	8,151	18,966
Reticulation				–						
Waste Water Treatment Works				10,190	11,322	11,222	11,222	13,290	15,355	16,422
Outfall Sewers				-						
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	2,388	2,654	2,654	2,654	20,055	33,089	45,094
Landfill Sites		–	–	–				5,055	17,089	27,094
Waste Transfer Stations				2,388	2,654	2,654	2,654	15,000	16,000	18,000
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	212	212	212	223	235	248
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection		–	–	–	212	212	212	223	235	248
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	833	233	233	380	399	419
Data Centres										
Core Layers		–	–	–	833	233	233	380	399	419
Distribution Layers										
Capital Spares										

Community Assets		–	–	22,547	25,053	25,709	25,709	32,838	37,507	43,443
Community Facilities		–	–	9,448	10,498	11,154	11,154	30,336	35,005	40,941
Halls						–	–			
Centres						–	–			
Crèches						–	–			
Clinics/Care Centres						–	–			
Fire/Ambulance Stations				3,417	3,797	3,797	3,797	2	2	2
Testing Stations				–		–	–			
Museums				–		–	–			
Galleries				–		–	–			
Theatres				–		–	–			
Libraries				–		–	–			
Cemeteries/Crematoria				1,225	1,361	1,361	1,361	2	2	2
Police				4,806	5,340	5,340	5,340			
Parks				–		–	–	16,000	19,800	25,339
Public Open Space				–		–	–	13,808	14,649	15,015
Nature Reserves				–		–	–			
Public Ablution Facilities				–		–	–			
Markets				–		–	–			
Stalls				–		–	–			
Abattoirs				–		–	–			
Airports				–		–	–			
Taxi Ranks/Bus Terminals		–	–	–		656	656	525	553	584
Capital Spares						–	–			
Sport and Recreation Facilities		–	–	13,099	14,555	14,555	14,555	2,502	2,502	2,502
Indoor Facilities										
Outdoor Facilities				13,099	14,555	14,555	14,555	2,502	2,502	2,502
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	13,588	15,098	15,098	15,098	24,884	25,117	26,616
Operational Buildings		–	–	13,588	15,098	15,098	15,098	24,884	25,117	26,616
Municipal Offices				13,588	15,098	15,098	15,098	24,593	24,810	26,293
Pay/Enquiry Points										
Building Plan Offices										
Workshops								91	96	101
Yards										
Stores								200	211	222
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	397	419	442
Furniture and Office Equipment								397	419	442
Machinery and Equipment		–	–	2,845	3,161	250	250	8,639	8,892	9,382
Machinery and Equipment		–	–	2,845	3,161	250	250	8,639	8,892	9,382
Transport Assets		–	–	23,550	26,166	26,166	26,166	11,208	15,317	11,943
Transport Assets				23,550	26,166	26,166	26,166	11,208	15,317	11,943
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Repairs and Maintenance Expenditure	1	–	–	208,445	232,650	232,650	232,650	270,036	301,285	387,549
R&M as a % of PPE		*0.0%*	*0.0%*	*2.9%*	*3.1%*	*3.1%*	*3.1%*	*3.6%*	*4.0%*	*5.1%*
R&M as % Operating Expenditure		*0.0%*	*0.0%*	*7.7%*	*8.7%*	*7.8%*	*7.8%*	*9.2%*	*9.2%*	*11.4%*

MP326 City of Mbombela - Supporting Table SA34d Depreciation by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Depreciation by Asset Class/Sub-class										
Infrastructure		–	–	399,869	222,397	446,852	446,852	443,453	465,626	488,907
Roads Infrastructure		–	–	174,892	110,033	210,033	210,033	194,794	204,534	214,761
Roads				174,892	110,033	210,033	210,033	194,794	204,534	214,761
Road Structures				–						
Road Furniture								–	–	–
Capital Spares										
Storm water Infrastructure		–	–	23,232	–	24,455	24,455	25,678	26,962	28,310
Drainage Collection										
Storm water Conveyance				23,232		24,455	24,455	25,678	26,962	28,310
Attenuation										
Electrical Infrastructure		–	–	67,773	31,340	71,340	71,340	74,907	78,652	82,585
Power Plants										
HV Substations										
HV Switching Station										
HV Transmission Conductors				67,773	31,340	71,340	71,340	74,907	78,652	82,585
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks										
Capital Spares										
Water Supply Infrastructure		–	–	73,126	46,975	76,975	76,975	80,824	84,865	89,108
Dams and Weirs										
Boreholes										
Reservoirs										
Pump Stations										
Water Treatment Works										
Bulk Mains										
Distribution				73,126	46,975	76,975	76,975	80,824	84,865	89,108
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	58,914	32,014	62,014	62,014	65,115	68,371	71,789
Pump Station										
Reticulation										
Waste Water Treatment Works				58,914	32,014	62,014	62,014	65,115	68,371	71,789
Outfall Sewers										
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	1,932	2,034	2,034	2,034	2,136	2,243	2,355
Landfill Sites				1,932	2,034	2,034	2,034	2,136	2,243	2,355
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Data Centres										
Core Layers										
Distribution Layers										
Capital Spares										

Community Assets		–	–	28,422	19,615	39,615	39,615	41,596	43,676	45,859
Community Facilities		–	–	22,665	13,858	23,858	23,858	25,051	26,303	27,618
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations				7,694	8,099	8,099	8,099	8,504	8,929	9,375
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria				14,971	5,759	15,759	15,759	16,547	17,374	18,243
Police										
Parks										
Public Open Space										
Nature Reserves										
Public Ablution Facilities										
Markets										
Stalls										
Abattoirs										
Airports										
Taxi Ranks/Bus Terminals										
Capital Spares										
Sport and Recreation Facilities		–	–	5,757	5,757	15,757	15,757	16,545	17,372	18,241
Indoor Facilities										
Outdoor Facilities				5,757	5,757	15,757	15,757	16,545	17,372	18,241
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	26,932	18,349	28,349	28,349	29,767	31,255	32,818
Operational Buildings		–	–	26,932	18,349	28,349	28,349	29,767	31,255	32,818
Municipal Offices				26,932	18,349	28,349	28,349	29,767	31,255	32,818
Pay/Enquiry Points										
Building Plan Offices										
Workshops								–	–	–
Yards										
Stores										
Laboratories										
Training Centres										
Manufacturing Plant										
Depots										
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	–	–	–	–	–
Servitudes										
Licences and Rights		–	–	–	–	–	–	–	–	–
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications										
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
Machinery and Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment										
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Depreciation	1	–	–	455,223	260,361	514,816	514,816	514,816	540,557	567,585

MP326 City of Mbombela - Supporting Table SA34e Capital expenditure on the upgrading of existing assets by asset class

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Capital expenditure on upgrading of existing assets by Asset Class/Sub-class										
Infrastructure		–	–	152,681	212,538	152,708	152,708	144,612	112,623	167,114
Roads Infrastructure		–	–	75,885	94,857	71,151	71,151	68,946	39,611	103,348
Roads		–	–	54,257	67,822	47,116	47,116	35,411	36,991	74,848
Road Structures		–	–	13,614	17,018	17,018	17,018	33,535	2,620	28,500
Road Furniture		–	–	8,014	10,018	7,018	7,018	–	–	–
Capital Spares										
Storm w ater Infrastructure		–	–	3,824	6,953	–	–	–	–	–
Drainage Collection		–	–	3,824	6,953	–	–	–	–	–
Storm water Conveyance										
Attenuation										
Electrical Infrastructure		–	–	–	5,661	1,374	1,374	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
HV Substations		–	–	–	1,874	1,374	1,374	–	–	–
HV Switching Station										
HV Transmission Conductors										
MV Substations										
MV Switching Stations										
MV Networks										
LV Networks		–	–	–	3,787	–	–	–	–	–
Capital Spares										
Water Supply Infrastructure		–	–	70,300	100,429	76,982	76,982	67,166	65,512	43,766
Dams and Weirs		–	–	–	–	–	–	–	–	–
Boreholes										
Reservoirs		–	–	11,704	16,719	15,010	15,010	–	–	–
Pump Stations				-						
Water Treatment Works		–	–	12,638	18,054	15,789	15,789	2,000	10,000	10,708
Bulk Mains		–	–	22,798	32,568	20,920	20,920	50,000	41,015	25,000
Distribution		–	–	23,161	33,088	25,264	25,264	15,166	14,498	8,058
Distribution Points										
PRV Stations										
Capital Spares										
Sanitation Infrastructure		–	–	2,671	3,339	2,900	2,900	8,500	7,500	20,000
Pump Station										
Reticulation		–	–	1,600	2,000	2,000	2,000	–	–	–
Waste Water Treatment Works		–	–	720	900	900	900	–	–	20,000
Outfall Sewers		–	–	351	439	–	–	8,500	7,500	–
Toilet Facilities										
Capital Spares										
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations										
Waste Processing Facilities										
Waste Drop-off Points										
Waste Separation Facilities										
Electricity Generation Facilities										
Capital Spares										
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Rail Lines										
Rail Structures										
Rail Furniture										
Drainage Collection										
Storm water Conveyance										
Attenuation										
MV Substations										
LV Networks										
Capital Spares										
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Sand Pumps										
Piers										
Revetments										
Promenades										
Capital Spares										
Information and Communication Infrastructure		–	–	–	1,300	300	300	–	–	–
Data Centres		–	–	–	1,300	300	300	–	–	–
Core Layers										
Distribution Layers										
Capital Spares										

Community Assets		–	–	9,004	13,267	5,853	5,853	10,257	12,703	6,892
Community Facilities		–	–	5,319	7,598	3,609	3,609	10,257	12,703	6,892
Halls										
Centres										
Crèches										
Clinics/Care Centres										
Fire/Ambulance Stations										
Testing Stations										
Museums										
Galleries										
Theatres										
Libraries										
Cemeteries/Crematoria		–	–	–	–	600	600	–	–	–
Police										
Parks										
Public Open Space		–	–	245	350	–	–	500	–	–
Nature Reserves				–						
Public Ablution Facilities		–	–	874	1,248	–	–	9,757	12,703	6,892
Markets				–						
Stalls				–						
Abattoirs				–						
Airports				–						
Taxi Ranks/Bus Terminals		–	–	4,200	6,000	3,009	3,009	–	–	–
Capital Spares										
Sport and Recreation Facilities		–	–	3,685	5,669	2,244	2,244	–	–	–
Indoor Facilities										
Outdoor Facilities		–	–	3,685	5,669	2,244	2,244	–	–	–
Capital Spares										
Heritage assets		–	–	–	–	–	–	–	–	–
Monuments										
Historic Buildings										
Works of Art										
Conservation Areas										
Other Heritage										
Investment properties		–	–	–	–	–	–	–	–	–
Revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Improved Property										
Unimproved Property										
Other assets		–	–	7,196	8,465	8,319	8,319	–	–	–
Operational Buildings		–	–	7,196	8,465	8,319	8,319	–	–	–
Municipal Offices		–	–	850	1,000	1,250	1,250	–	–	–
Pay/Enquiry Points		–	–	1,416	1,665	970	970	–	–	–
Building Plan Offices				–						
Workshops		–	–	1,190	1,400	2,700	2,700	–	–	–
Yards				–						
Stores				–						
Laboratories				–						
Training Centres				–						
Manufacturing Plant				–						
Depots		–	–	3,740	4,400	3,400	3,400	–	–	–
Capital Spares										
Housing		–	–	–	–	–	–	–	–	–
Staff Housing										
Social Housing										
Capital Spares										
Biological or Cultivated Assets		–	–	–	–	–	–	–	–	–
Biological or Cultivated Assets										
Intangible Assets		–	–	–	–	103	103	1,490	1,000	1,000
Servitudes										
Licences and Rights		–	–	–	–	103	103	1,490	1,000	1,000
Water Rights										
Effluent Licenses										
Solid Waste Licenses										
Computer Software and Applications		–	–	–	–	103	103	1,490	1,000	1,000
Load Settlement Software Applications										
Unspecified										
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment										
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment										
Machinery and Equipment		–	–	–	300	150	150	–	–	–
Machinery and Equipment		–	–	–	300	150	150	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets										
Libraries		–	–	–	–	–	–	–	–	–
Libraries										
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–	–	–
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure on upgrading of existing a	1	–	–	168,880	234,571	167,133	167,133	156,359	126,326	175,006
Upgrading of Existing Assets as % of total capex		*0.0%*	*0.0%*	*27.7%*	*38.6%*	*27.3%*	*27.3%*	*26.5%*	*20.3%*	*26.3%*
Upgrading of Existing Assets as % of deprecn"		*0.0%*	*0.0%*	*37.1%*	*90.1%*	*32.5%*	*32.5%*	*30.4%*	*23.4%*	*30.8%*

2.8 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities;

2.8.1 In-year reporting

Reporting requirements in terms of the Municipal Finance Management Act and its regulations have been complied with.

2.8.2 Internship program

The City is participating in the Municipal Financial Management Internship program and has employed seven (7) interns undergoing training in various divisions of the Financial Management Department.

2.8.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

2.8.4 Audit Committee

An Audit Committee has been established and is fully functional.

2.8.5 Service Delivery and Implementation Plan

The detail Service Delivery Budget and Implementation Plan document is at a draft stage and will be finalised within 28 days after the tabling of the draft 2018/2019 – 2020/2021 Medium Term Revenue and Expenditure Framework on the 29 March 2018 directly aligned and will be informed by the 2018/2019 IDP and budget.

2.8.6 Annual Report

Annual report is compiled in terms of the Municipal Finance Management Act and its regulations.

2.8.7 Municipal Finance Management Act Training

The MFMA training module in electronic format is presented at the City's internal center and training is ongoing.

2.8.8 Policies

All budget-related policies mentioned earlier above have been tabled together with the draft budget before council on 29 March 2018, under item A(2).

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2.9 MUNICIPAL MANAGERS' QUALITY CERTIFICATION

I **Mr. Neil Diamond**, Acting Municipal Manager of City Of Mbombela, hereby certify that the draft annual budget and supporting documentation for 2018/2019 - 2020/2021 have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, and that the draft annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Optimization Software:
www.balesio.com

Print Name: Neil Diamond

Acting Municipal Manager of City

Signature:

Date : 12 April 2018

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